



Co House?

Company Registration No. 08567252 (England and Wales)

**PRIME7 MAT**

**(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2020**



**Prime7**  
Multi Academy Trust



## **PRIME7 MAT**

### **CONTENTS**

---

	<b>Page</b>
Reference and administrative details	1 - 2
Trustees' report	3 - 13
Governance statement	14 - 17
Statement on regularity, propriety and compliance	18
Statement of Trustees' responsibilities	19
Independent auditor's report on the financial statements	20 - 22
Independent reporting accountant's report on regularity	23 - 24
Statement of financial activities including income and expenditure account	25
Balance sheet	26
Statement of cash flows	27
Notes to the financial statements including accounting policies	28 - 46

---



## PRIME7 MAT

### REFERENCE AND ADMINISTRATIVE DETAILS

---

**Members**

Mr P Cavanagh  
Mrs C Wade  
Mr M Lawrence  
Mr K Bowman  
Mrs C Hay (Appointed 21 April 2020)

**Trustees**

Mrs C Wade (Chair of Trustees)  
Mrs M Ward  
Mrs N Bellamy  
Mr A Singer  
Mr A Jeffrey (Appointed 28 February 2020)  
Mrs C Hay (Resigned 31 December 2019)  
Mrs V Rayner (Resigned 31 December 2019)  
Ms V Wright (Appointed 15 October 2019 and resigned 31 May 2020)

**Senior leadership team**

- Head Teacher - KSPA
- Head Teacher - CWPA
- Deputy Head Teacher - CWPA
- Acting Head Teacher - MCPA
- Acting Deputy Head Teacher - MCPA
- CEO and Accounting Officer
- CFO and Business Manager

N Kent  
H Harding  
S Bonner  
D Hartwell  
T Hillier  
R Gallyot  
E Martin

**Company registration number**

08567252 (England and Wales)

**Registered office**

Middleton Cheney Primary Academy  
Main Road  
Middleton Cheney  
Banbury  
OX17 2PD

**Academies operated**

Middleton Cheney Primary Academy  
Kings Sutton Primary Academy  
Chipping Warden Primary Academy

**Location**

Middleton Cheney  
King Sutton  
Chipping Warden

**Head Teacher**

D Hartwell  
N Kent  
H Harding

**Independent auditor**

Ellacotts Audit Services Limited  
Countrywide House  
23 West Bar  
Banbury  
Oxfordshire  
OX16 9SA

**Bankers**

Lloyds Bank plc  
PO Box 1000  
Andover  
BX 1 1LT

Barclays Bank plc  
267 Wellingborough Road  
Milton Keynes  
NN1 4EN



## PRIME7 MAT

### REFERENCE AND ADMINISTRATIVE DETAILS

---

**Solicitor**

Blake Morgan LLP  
New Kings Court  
Chandler's Ford  
Eastleigh  
Hampshire  
SO53 3LG



## **PRIME7 MAT**

### **TRUSTEES' REPORT**

#### **FOR THE YEAR ENDED 31 AUGUST 2020**

---

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

The financial statements have been prepared in accordance with the accounting policies on pages 25-44 of the financial statements, and comply with the Company's Memorandum and Articles of Association, the Companies Act 2006, and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) and the Academies Accounts Direction 2019 to 2020.

The Academy Trust operates 3 primary Academies in South Northamptonshire – Middleton Cheney Primary Academy, Kings Sutton Primary Academy and Chipping Warden Primary Academy ('the MAT'). The Trust has a combined pupil capacity of 710 pupils with 615 pupils currently enrolled across the Academies.

### **Structure, Governance and Management**

#### **Constitution**

PRIME7 MAT is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Charitable Company was incorporated on 12 June 2013 and changed its name from South Northamptonshire Village Schools Multi Academy Trust on 22 August 2018.

The Trustees and Governors are responsible for the charitable activities of PRIME7 MAT and of the Charitable Company for the purposes of Company Law. The charitable company is also known as the Prime7 Multi Academy Trust.

Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

#### **Members' liability**

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

#### **Trustees'/Governors' indemnities**

In accordance with normal commercial practice, the Academies have purchased insurance via the DfE Risk Protection Arrangement (RPA) scheme to protect the Governors, Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst undertaking Academy business. The insurance provider provides cover up to £10,000,000 in any one claim.

#### **Method of recruitment and appointment or election of Trustees/Governors**

The number of Trustees shall not be less than three (unless otherwise determined by ordinary resolution) but shall not be subject to any maximum. The Trust members may appoint up to 7 Trustees. The members may appoint Staff Trustees through such a process as they may determine, provided that the total number of Trustees (including the CEO - ex officio) who are employees of the Trust does not exceed one third of the total number of Trustees and 2 parent Trustees. The members may also appoint 5 Co-opted Trustees.

The term of office for any Trustees/Governor is 4 years, however, this time limit shall not apply to any post which is held ex officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected. Any member of the Trust may resign provided that after such resignation, the number of members is not less than three.



## **PRIME7 MAT**

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

---

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

The training and induction provided for new Trustees forms part of the Staff Handbook. This will include a tour of the Schools and a chance to meet staff and pupils. As part of the induction process, all policies are made available on GovernorHub and statutory training on Smartlog is provided. In addition, an annual conference is conducted with Trustees and Governors across the MAT. Further, tailored induction is delivered depending on the Trustees area of expertise and prior experience.

#### **Organisational structure**

The Board of Trustees normally meet six times each academic year, however this year, because of the increased amount of items to discuss the Board has met eleven times. The Board of Trustees establishes an overall framework for the governance of the Multi Academy Trust and determines membership, terms of reference and procedures of Committees of the Board of Trustees and other groups, including Local Governing Bodies (LGB's). It receives reports from the CEO, including policies for ratification, who acts as a conduit between the LGB's and the Trustee Board. It monitors the activities of the Committees (including the LGB's) through the minutes of their meetings and plans to improve the direct reporting from the elected Chair of each Committee in the coming year. The Board of Trustees may from time to time establish working groups to perform specific tasks over a limited timescale. In addition, the Board receives reports from both the CEO and the Business Manager as well as updates to the Risk Register. The LGB's monitor school improvement activities through the scrutiny of the School Development Plans and Head Teacher reports.

The Board of Trustees has engaged a CEO to assist them in monitoring the performance of the individual academies. The CEO makes regular monitoring visits to each Academy and undertakes Headteacher Performance Management with the Chair of the LGB.

The Board of Trustees has a Finance, Risk and Audit Committee which comprises of all five Trustees. The Business Manager and the CEO also attend.

This Committee is chaired by a Trustee with financial expertise, who is different to the full board chair. The committee has its own terms of reference detailing the responsibilities discharged to it.

The following decisions are reserved to the full Board of Trustees:

- to consider any proposals for changes to the status or constitution of the Academy Trust and its committee structure;
- to appoint or remove the Chair and / or Vice Chair; and
- to assist in the appointment of all HT/ Heads of School and consider the performance management of the CEO.

The Trustees are responsible for setting general policy, adopting a three-year business plan and budget, approving the annual statutory accounts, monitoring the Academy Trust by the use of budgets and other data, and making the major decisions about the direction of the Academy Trust and capital expenditure. Both responsibility and accountability have been updated this year through the adoption of a new scheme of delegation.

The Trustees have devolved the day-to-day management of the Academy Trust to the CEO. The CEO is the Academy Trust's Accounting Officer and has overall responsibility for the day to day financial management of the Academy Trust. The CEO works in conjunction with the MAT Business Manager, who has the expertise to implement and manage financial strategy.

The Board of Trustees delegates a number of functions to the Local Governing Boards for each of the Trust's Academies. Each LGB submits an annual budget plan to the Board for approval, reviews their academy School Development Plan, monitors progress against target and OFSTED standards and oversees parent and community liaison. The aim of the Trust is to separate Trustee and LGB responsibility and will no longer have representation by a Trustee on the LGB's.



## **PRIME7 MAT**

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

---

In June 2019, the Directors removed the LGB of KSPA following an OFSTED inspection. A Rapid Improvement Board was appointed with an independent Chair to oversee improvements. This board reverted back to an LGB in March 2020.

Groups of Trustees and Governors may be formally organised outside of the committee structures of both the Full Board and LGB to support as required to consider:

- Senior Leadership recruitment
- Performance Management of the CEO and Head Teachers
- Pupil behaviour
- Staff discipline
- Complaints
- Significant areas of change management

#### **Arrangements for setting pay and remuneration of key management personnel**

The Trustees of the MAT and the Senior Leadership Team comprise the key management personnel of the Trust. Through the Scheme of Delegation, they are in charge of directing and controlling, running and operating the Academies of a day to day basis. The pay of the Senior Leadership Team is reviewed annually and where appropriate, increased in line with average earnings. The Trust benchmark the pay of the Senior Leadership team against national pay scale levels and other schools and take into account guidance provided by the ESFA and DfE when setting executive pay.

The Head Teachers and other staff governors who are part of the Senior Leadership Team only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff, and not in respect of their services as governors. The Trustees considered recommendations for salary increases for all staff. The aggregate remuneration and benefit of those personnel for services to Prime7 during the year were £473,749 (2019: £193,119). The year on year variance is mainly due to having 4 additional members of the Senior Leadership Team in 2020.

All other Trustees give their time freely and no Trustees received remuneration in the year. Details of Trustees expenses and related party transactions are disclosed in note 10 to the accounts.

#### **Trade Union Facility time**

Facility Time is the provision of paid or unpaid time off from an employee's normal role to undertake trade union duties and activities as a trade union representative. The Trade Union (Facility Time Publication Requirements) Regulations 2017 requires the Academy Trust to publish data in relation to their employees who are trade union representative and the time spent as representatives.

During the period in question the Academy Trust had no employees who were relevant union officials and no union facility time was spent by the Academy Trusts staff.

#### **Related parties and other connected charities and organisations**

Declarations of Interest are made by all Trustees, Members and Governors.



## PRIME7 MAT

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

---

#### Objectives and activities

##### Objects and Aims of PRIME7 Trust

The principal objects of the Academy Trust, as set out in its Articles of Association, are 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; and
- promote for the benefit of the inhabitants of South Northamptonshire the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity, disablement, financial hardship or social and economic circumstances for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Our ethos is to provide the best possible environment for children to learn and develop, as well as to cultivate a sense of wonder, empathy and understanding of the world around them. Together, we will strive to cultivate the potential in all of our children to ensure that they are fully prepared for the next stage of their education. Our mission is to ensure that our staff are valued and well cared for so that they can provide children with the best education, know how to stay safe and healthy and are able to take their place as responsible citizens in a modern society. We want to empower our children to succeed. Prime7 has seven core values and principles to support the delivery of our mission.

The values within which we achieve our principal objects and aims are:

**AMBITION:** to have high expectations in all we do and to have ambition for continuous improvement whoever we are.

**ENJOYMENT:** to create schools that foster creativity and curiosity so that children thrive on enrichment and thoroughly enjoy their school experience. We want our children to be excited learners.

**RESILIENCE:** to provide the best opportunities for all children to develop strategies to face life's challenges. We want to have children that can show courage and take risks in their learning.

**RESPECT:** to foster an environment where respect is earned and given in equal amounts. Our school communities promote kindness, friendship and trust. We want our children to grow up to be young citizens that are able to show empathy towards others.

**INSPIRE:** to empower children to take responsibility to strive and achieve in their learning and to be the very best that they can be. They will be role models and a source of inspiration to others.

**COMMUNITY:** to establish schools that are at the heart of the local communities they serve. Each school is valued for its own individuality but it also plays an important part of the Trust as a whole.

**TRUST:** to belong as part of a team is a core part of who we are and our relationships are based at all times on openness and honesty.

Our values and principles are drawn from each of our schools and will support Prime7 in providing an excellent educational experience for all. We will work together with all of our stakeholders to ensure that the children in all of our schools achieve their full potential. The chart below shows you how the leadership of the Trust is structured.





## PRIME7 MAT

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

---

#### **Objectives, strategies and activities**

We have five key priorities to help develop the best possible outcomes for our staff and pupils across all of the schools.

1. To develop, and implement a PRIME7 strategic plan that provides clarity of responsibilities and expectations of leadership and actively promotes robust systems of accountability so that all staff across the multi-academy trust are held accountable for whole trust improvement.
2. To develop and implement a PRIME7 'well-being' strategy that promotes and supports good mental health and well-being of everyone within the Trust.
3. To develop and implement an effective PRIME7 strategy to accelerate progress for Pupil Premium and disadvantaged pupils and those with SEND so that they make at least expected progress from their starting points and an increasing number make above expected progress.
4. To ensure financial sustainability and commercial resilience, with operational efficiency and effectiveness.
5. To devise a professional development programme that strengthens pedagogical understanding and establishes effective networks across the Trust that can share good practice that improves the Quality of Education in all schools.

The trustees have written and adopted a new Scheme of Delegation to increase the clarity of both accountability and responsibility at all levels of the Trust. The 3 Year Business Plan has now been written and is ready to be implemented. The Appraisal and Capability Policy has been rewritten and accountability for the Quality of Education across the Trust is robust.

The CEO has written a new Staff Well-Being Policy and Staff Handbook which not only ensures an effective induction for all stakeholders into the Trust but focuses on the well-being of staff. This has been particularly relevant during the Covid-19 pandemic. The Trust has also garnered views from staff across the Trust and this will form a baseline for improvement.

The use of intentional assessment across the Trust has improved this year. There is now a clear cycle of pupil progress accountability and the use of pupil's starting points is key to raising expectations of what they can achieve. The reporting system to both Governors and Trustees has been much clearer and focuses on the coincidence of the 3 – attainment in Reading, Writing and Maths.

The CEO and MAT Business Manager work effectively with the rest of the Central SLT Team and now meet weekly. This has meant that the budget reporting and planning has been strategic and is now allowing schools to make the best use of their resources to impact on pupil outcomes. The Marketing Strategy is a key example of this and will allow for the schools to promote themselves in order to increase income through pupil numbers.

Professional development has been a key focus of the CEO's activity this year. The quality of this was highlighted in the recent HMI report at King's Sutton Primary Academy. The work of looking at pedagogical consistency and understanding across the Trust has begun this year and is ready to be strengthened through a new Teaching and Learning Policy.



## **PRIME7 MAT**

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

---

#### **Public benefit**

The Directors confirm that they have complied with the requirement in the Charities Act 2011 to have due regard to the Charity Commission general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

The Academy Trust aims to advance for the public benefit education in South Northamptonshire, offering a broad curriculum.

The Academy Trust also allows use of its facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of that community.



## PRIME7 MAT

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

---

#### Strategic report

##### Achievements and performance

The Academy Trust is in its seventh year of operation since conversion to an Academy Trust on 1st September 2013.

The Academy Trust is committed to continual improvement which is achieved primarily through the delivery of the three-year business plan, which can be achieved in a number of ways, including improvement planning, review meetings, continual professional development, lesson observations, performance management, self-evaluation, data analysis and action planning.

It has been a very successful year in terms of improving the leadership capacity within the Trust. We now have a permanent CEO and three permanent Headteachers or Heads of School in each of the schools. This has already enabled us to work collaboratively on school improvement and to develop a consistent approach to teaching and learning across the school through the development of pedagogical understanding. The strength of leadership has been validated by a successful HMI visit to KSPA and an externally commissioned Leadership Review. Networks across the schools are working together to transition children back into school positively and to address any gaps in the education caused by the lockdown period.

The Covid-19 pandemic has clearly been a challenge for schools, especially smaller, rural schools. We were able to keep all of our key-worker provision open throughout the lockdown period by establishing a Hub school. We were also able to offer key-worker provision for another school within the local authority.

##### Key performance indicators

Due to the Covid-19 pandemic the achievement data for 2019 remains the statutory benchmark on which schools will be judged. This is because the statutory testing and assessment was cancelled for the year 2019/20 due to school closures and loss of curriculum learning. Therefore, the particular achievements and performance of the Academy Trust during the year ended 31 August 2019 were as follows:

##### Good Level of Development - Early Years Foundation Stage

KSPA below national standard: 67%  
MCPA below national standard: 68%  
CWPA above national standard: 83%  
Overall: 73%

##### Phonics Screening Test

KSPA below national standard: 73%  
MCPA above national standard: 94%  
CWPA below national standard: 58%  
Overall: 75%

##### End of Key Stage 2 - Reading, Writing, Maths (RWM) Combined

KSPA below national standard: 54%  
MCPA above national standard: 67%  
CWPA below national standard: 45%  
Overall: 55%

We are now using Fischer Family Trust (FFT) to offer aspiration to the schools to ensure that predictions and targets are at least in line with FFT 50, which will ensure that our schools are at least in line with those nationally. The schools now have the RWI phonics screen and are working with the English Hub to ensure that the quality of synthetic phonics across all of the schools is good.



## PRIME7 MAT

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

---

#### Financial Outcomes

Although the Academy Trust's Funding Agreement is not subject to a specific carry forward limit on the amount of GAG funding, the main financial performance indicator is the level of reserves held at the balance sheet date and, in particular, the amount of GAG funding carried forward at the balance sheet date. At 31 August 2020, the balance of the GAG Restricted Fund was £73,731 (2019: £nil), which is after a transfer of £164,128 (2019: £24,444) from the Unrestricted Fund.

Further details on the level of reserves held by the Academy Trust are set out in the Reserves Policy section below.

As the majority of the Academy Trust's funding is based on pupil numbers, pupil numbers are also a key performance indicator. As noted earlier in this report, pupil numbers at the most recent census were 615 which is a decrease of 15 pupils from the previous census.

Staffing costs are another key performance indicator for the Academy Trust and the percentage of total staff costs to GAG funding for the year was 98.4% (2019: 93.5%), while the percentage of staff costs to total costs (excluding depreciation) was 81.4% (2019: 80%).

#### Going concern

After making appropriate enquiries, the Board of Trustees, including all Committees, has 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 Accounting Policies note of the financial statements. The Trust ensures that resources are managed to ensure sustainability.

#### Financial review

The majority of the Academy Trust's income is received from the Education and Skills Funding Agency ('ESFA') in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2020 and the associated expenditure of these grants are shown as Restricted Funds in the Statement of Financial Activities.

The Academy Trust also receives grants for fixed assets from the ESFA and other organisations and funders and these are shown as Restricted Fixed Asset Funds in the Statement of Financial Activities. The balance of the Restricted Fixed Asset fund is reduced by the depreciation charges on the assets acquired using these funds.

During the year ended 31 August 2020, the total expenditure (excluding depreciation charges and FRS102 pension cost adjustments) of £3,043,845 (2019: £2,650,701) was covered by the recurrent grant funding from the ESFA, together with other incoming resources. The excess of expenditure over incoming resources for the year was £250,677 (2019: £19,138).

The net book value of fixed assets at 31 August 2020 is £6,202,624 (2019: £6,276,751). The fixed assets held by the Academy Trust are used exclusively for providing education and associated support services to the pupils of the Academy Trust.

The balance of total funds held at 31 August 2020 were £5,387,402 (2019: £5,585,079) which comprised of the following:

Restricted Funds (excluding Pension Liability)	£73,731	(2019: £nil)
Restricted Pension Liability Fund	(£1,323,000)	(2019: (£1,204,000))
Restricted Fixed Asset Fund	£6,205,535	(2019: £6,301,202)
Unrestricted Funds	£431,136	(2019: £487,877)



## PRIME7 MAT

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

---

The key financial policies reviewed and adopted during the period included the Financial Procedures Policies and the Scheme of Delegation, which lay out the framework for the Academy Trust's financial management, including financial responsibilities of the Board of Trustees, Governors, CEO, Head Teachers, Business Manager and other staff where appropriate, as well as the delegated authorities for spending. The other financial policies reviewed and adopted during the period included Charges and Lettings, Asset Management and Insurance.

#### **Reserves policy**

The Trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees also take into consideration the future plans of the Academy Trust, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free cash reserves should be approximately 8% of total incoming resources (excluding capital income held for long term capital projects). The reason for this is to provide sufficient working capital to cover delays between spending and receipts of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance, long term staff absences etc. The Academy Trust's current level of reserves is £5,387,402 (2019: £5,585,079) of which £431,136 (2019: £487,877) is free reserves (that is, total funds less the amount held in fixed assets and restricted funds).

#### **Investment policy**

All funds surplus to immediate requirements are invested to optimal effect by the Academy Trust with the objective of ensuring maximum return on assets invested but with minimal risk. On a daily basis this is achieved by automatic transfer of surplus funds to an overnight deposit account with the Academy Trust's principal bankers.

#### **Principal risks and uncertainties**

The Trustees have assessed the major risks to which the Academy Trust is exposed in the areas of Compliance, Financial, Operational, Strategic & Reputational, School Improvement and Performance Standards risks. They have introduced systems, including operational procedures internal financial controls in order to minimise risk and have agreed a Risk Management Strategy and Risk Management Plan. Where significant financial risk still remains, the Trustees have ensured the Academy Trust has adequate insurance cover in place. The Risk Management Plan is constantly reviewed in light of any new information and formally reviewed annually. Within the new structure of meeting agendas for the year 20-21 Risk Management is scrutinised by the Finance, Risk and Audit Committee in line with the Academies Financial Handbook.

The principal risks and uncertainties facing the Academy Trust are as follows:

##### **Financial**

Risk that budgets may be in deficit in the future due to falling pupil numbers in two of the Academies. Reserves used to balance budgets in 19/20. Structure changes considered and implemented where necessary for 20/21 and to avoid future deficits. Trust agreed each individual academy could carry forward revenue balances of 5% of AWPU (less notional SEN) for 20/21. KSPA may need reserves support in 22/23 if pupil numbers have not increased sufficiently.

##### **Operational**

Risk that there is a lack of availability or poor attendance of Trustees at meetings. New ways of working during Covid-19 has meant almost 100% attendance at online meetings. Introducing an online attendance option for those Trustees and Governors that are not able to attend in person.



## **PRIME7 MAT**

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

---

#### **Health & Safety**

Risk that Coronavirus protective measures put in place do not adhere to guidance and are not implemented in line with the risk assessment. Trust has introduced details risk assessment, which were validated by the external H&S partner. Implementation of new guidance as it is published and SLT working together to interpret and implement guidance.

#### **Strategic & Reputational**

The success of the Academy Trust is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards and providing good quality service to all. The risks to the Trust include the Schools receiving unfavourable Ofsted inspection reports although positive progress has been made in all of the schools with the introduction of robust measures. Competition from other schools on admissions is a real threat with one school being significantly below PAN and a falling roll in another. The focus is now on increasing the public profile, including ensuring that the public can see that the Trust is meeting its objectives.

#### **School Improvement**

Risk that the MAT is not prepared or does not have the capacity to on-board new schools, which links to financial sustainability and viability. The MAT is being strengthened by the inclusion of a robust School Improvement offer but work needs to be undertaken to fully understand the due diligence process.

Risk that the curriculum design is poor and does not meet the needs of all groups of pupils. This is particularly relevant in the transition for pupils post- lockdown. The curriculum will need to be adapted to meet the needs of the most vulnerable pupils to ensure that they make progress. Assessment measures need to be effective to identify gaps.

Risk that the use and reporting of data, including a range of measures, is weak and does not link to appraisal across the MAT. This results in poor pupil outcomes. This links with the performance risks – targeting for the progress of vulnerable groups is a key area to identify for appraisal.

#### **Performance Standards Risk**

Risk that the outcomes at the end of KS2 remain below average across the MAT. Risk that the phonics outcomes across the MAT also remain below average. The phonics risk is a key risk as those younger children who are transitioned back into school need to ensure that any gaps in early reading are filled. Risk that the transition back for all pupils into full time education but particularly those who are vulnerable is managed effectively through the use of assessment and curriculum design.

#### **Financial and risk management objectives and policies**

The Trustees examine the financial health of the Academy Trust formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Trustees and Finance and Resources Committee meetings.

At the balance sheet date, the Academy Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on the Academy Trust's liquidity.

The Trustees recognise that the Local Government Pension Scheme deficit represents a significant potential liability to the Academy Trust. However, as the Trustees consider the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

#### **Fundraising**

The Academy does not operate a regulated fundraising scheme and does not use the services of a professional fundraiser. However the Academy does work with its Parent and Teacher Association who carry out excellent work to raise funds for the school.



## PRIME7 MAT

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

---

#### Plans for future periods

The Trust strives to continually improve levels of attainment for all pupils, equipping them with the skills and character to enter the next stage of their education, as well as promoting the continued professional development of its staff.

As previously stated, the Trust's plans for future periods are laid out in the 3 Year Business Plan.

The newly revised Scheme of Delegation will be complemented this year by a Governor Conference in the Autumn Term of 2020-21. This will help to improve communication across the Trust and to ensure that vision and values are aligned. The expertise of new a new Trustee will be further utilised through the Finance, Risk and Audit Committee and communication between Boards enhanced through a newly formed Standards and Compliance Committee.

The Trust will build on the work done already on staff well-being through the Covid-19 pandemic by forming a staff well-being group to allow communication to be open across the Trust and for Health & Safety and workload etc. to be discussed.

The development of a Remote Learning Strategy that will ensure that home education will be improved in the event of further lockdowns. The CEO will also report the use of the Catch-up funding to Trustees to ensure that accountability and reporting are in place.

To further develop the use of intentional assessment and SEND functions across the MAT to ensure shared, efficient, reliable and robust monitoring effectively identifies strengths and areas of weakness so that actions can be planned and implemented to address the issues. This is particularly relevant with the transition back into school of the pupils following the period of lockdown.

To ensure that the monitoring, appraisal and CPD cycles are all connected so that teaching and learning can be improved. To ensure that teaching and learning champions are identified in all schools to promote the effective use of pedagogy.

#### Funds held as custodian trustee on behalf of others

The Academy Trust and it's Trustees do not act as Custodian Trustees of any other charity.

#### Auditor

In so far as the Trustees are aware:

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

A resolution proposing that Ellacotts Audit Services Limited be reappointed as auditor of the charitable company will be put to the members.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 24/12/20 and signed on its behalf by:

*Ck Wade*

Mrs C Wade  
Chair of Trustees



## PRIME7 MAT

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

---

#### Scope of responsibility

As Trustees we acknowledge we have overall responsibility for ensuring that Prime7 MAT has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of trustees has delegated the day-to-day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Prime7 MAT 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 11 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustees	Meetings attended	Out of possible
Mrs C Wade (Chair of Trustees)	11	11
Mrs M Ward	10	11
Mrs N Bellamy	11	11
Mr A Singer	9	11
Mr A Jeffrey (Appointed 28 February 2020)	5	7
Mrs C Hay (Resigned 31 December 2019)	2	3
Mrs V Rayner (Resigned 31 December 2019)	0	3
Ms V Wright (Appointed 15 October 2019 and resigned 31 May 2020)	0	8

#### Key changes to the composition of the board of trustees:

Nicky Bellamy is no longer a representative on a local LGB and a Trustee

We appointed Andrew Jeffrey an academies financial expert onto the Trustee board

#### The coverage of its work:

As laid out in the Scheme of Delegation the Trust Board is responsible for the vision, strategy and strategic objectives; oversight of governance; quality of education; finance; staff and HR; estates; responsibility for complaints, exclusions and links with schools communities.





## PRIME7 MAT

### GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

---

**The board's performance, including assessment of its own effectiveness and any particular challenges that have arisen for the board:**

The board's performance this year has been effective in their response to previous underperformance. The board has had oversight of any effective CEO and CFO who have brought about transformational change. The board has sought financial expertise, which has meant that this area has strengthened and trustees are now clear of the financial position and they have begun to use reserves in a strategic way to drive forward school improvement. The board have also recognised the need to establish the Finance, Risk and Audit Committee to meet AFH requirements and also recognised the need to ensure a vehicle for communication between the Trust board and LGB's that also ensures compliance, they have therefore established a Strategic Committee. In addition they commissioned an external leadership review in September 2020, which validated their opinions of themselves and school leaders. The Trust also had a random Financial Monitoring and Governance Review by the EFSA in November 2020.

The challenge faced by Trustees this year is the delay in the decisions making process by the RSC regarding the future of King's Sutton Primary Academy and this has prevented the trust board having knowledge of a secure future.

**Information about the quality of the data used by the board, and why the board finds it acceptable:**

Information presented to the board has improved significantly through the comprehensive nature of the Risk Register, which now covers compliance, financial, operational, strategic and reputational, school improvement and performance standards risks. The Trustees have now the cycle of reporting from the Risk Register that is effectively managed by the CEO and CFO through the DfE recommended exception reporting template. All other reports are in standardised template form agreed by the Trustees which shows transparent information.

**Review of value for money**

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

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

**Targeted Improvement**

The Academy Trust's Head Teacher activities are to:

- Improve the quality of education for young people across the Academies;
- Develop and share examples of best practice across the Academies;
- Provide Academy to Academy support to address development requirements of Individual Academies;
- Ensure that the performance within the Trust going forwards is continually improving.

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Prime7 MAT for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.



## PRIME7 MAT

### GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

---

#### **Capacity to handle risk**

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

#### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the MAT board of trustees 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 Board of Trustees considered the need for a specific internal scrutiny by an external provider and decided due to the appointment of a new MAT Business Manager an in-house review of the accounts for the 2019/20 financial year would be sufficient. Trustees have challenged this review and received appropriate regular updates on progress throughout the year to ensure that recommendations implemented and risks mitigated. A peer review model is being introduced for the 2020/21 financial year and this process has already begun. In the 19/20 review the reviewer's role included giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular, this included reviewing:

- Risk and procedures;
- Procurement;
- Income received and recording;
- Financial month end processes;
- ESFA and DfE compliance;
- Payroll & HR;
- Efficiency, funding and budgets;
- Fraud, theft and bribery;
- Safeguarding and whistleblowing;
- Management information, reports and returns; and
- Data and IT issues.

#### **Review of effectiveness**

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

- the work of the Business Manager in producing the Internal Scrutiny report, update on the recommendations and regular management accounts
- the work of the external auditor;
- the financial management and governance self-assessment process; and
- the work of the managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.



## PRIME7 MAT

### GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

---

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

Approved by order of the members of the board of trustees on 2/12/20 and signed on its behalf by:

Mrs C Wade  
Chair of Trustees

Mrs R Gallyot  
Accounting Officer



## PRIME7 MAT

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

---

As accounting officer of Prime7 MAT, I have considered my responsibility to notify the Academy Trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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

Ms R Gallyot  
Accounting Officer



## PRIME7 MAT

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

---

The trustees (who are also the directors of Prime7 MAT for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Academies Accounts Direction 2019 to 2020 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these financial statements, the Trustees are required to:

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

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

Approved by order of the members of the board of trustees on ...24/2/20... and signed on its behalf by:

Mrs C Wade  
Chair of Trustees



## PRIME7 MAT

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIME7 MAT FOR THE YEAR ENDED 31 AUGUST 2020

---

#### Opinion

We have audited the financial statements of Prime7 MAT for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

#### Other information

The Trustees are responsible for the other information, which comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Other information includes our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.



## PRIME7 MAT

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIME7 MAT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2020**

---

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

In the light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report, including the incorporated strategic report and directors' 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 statement of Trustees' responsibilities, set out on page 16, the Trustees, who are also the directors' under 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 charitable company, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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



## PRIME7 MAT

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIME7 MAT (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2020**

---

#### **Use of our report**

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

*Charlotte Toemaes*

**Charlotte Toemaes BSc FCA (Senior Statutory Auditor)  
for and on behalf of Ellacotts Audit Services Limited  
Chartered Accountants and Statutory Auditor**

Countrywide House  
23 West Bar  
Banbury  
Oxfordshire  
England  
OX16 9SA

Date: 2/12/20





## PRIME7 MAT

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PRIME7 MAT AND THE EDUCATION AND SKILLS FUNDING AGENCY

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

---

In accordance with the terms of our engagement letter dated 7 October 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Prime7 MAT during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Prime7 MAT and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Prime7 MAT 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 Prime7 MAT and ESFA, for our work, for this report, or for the conclusion we have formed.

#### **Respective responsibilities of Prime7 MAT's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Prime7 MAT's funding agreement with the Secretary of State for Education dated 12 June 2013 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Approach**

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

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

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

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

The work undertaken to draw to our conclusions includes:

- reviewing the minutes of the meeting of the Board of Governors and other evidence made available to us relevant to our consideration of regularity;
- a review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy;
- testing a sample of payroll payments to staff;
- testing a sample of payment to suppliers and other third parties;
- testing a sample of grants received and other income streams;
- evaluation the internal control procedures and reporting lines, and testing as appropriate.



## PRIME7 MAT

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PRIME7 MAT AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

**FOR THE YEAR ENDED 31 AUGUST 2020**

---

#### **Conclusion**

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

*Ellacotts Audit Services Limited*

#### **Reporting Accountant**

Ellacotts Audit Services Limited  
Countrywide House  
23 West Bar  
Banbury  
Oxfordshire  
OX16 9SA  
England

Dated: 2/12/20



## PRIME7 MAT

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

	Notes	Unrestricted funds £	Restricted funds: General Fixed asset £	£	Total 2020 £	Total 2019 £
<b>Income and endowments from:</b>						
Donations and capital grants	2	19,978	-	27,183	47,161	89,088
Charitable activities:						
- Funding for educational operations	3	93,637	2,736,488	-	2,830,125	2,697,668
Other trading activities	4	30,167	11,520	-	41,687	80,564
Investments	5	297	-	-	297	356
<b>Total</b>		<b>144,079</b>	<b>2,748,008</b>	<b>27,183</b>	<b>2,919,270</b>	<b>2,867,676</b>
<b>Expenditure on:</b>						
Charitable activities:						
- Educational operations	8	15,371	3,028,474	126,102	3,169,947	2,886,814
<b>Total</b>	<b>6</b>	<b>15,371</b>	<b>3,028,474</b>	<b>126,102</b>	<b>3,169,947</b>	<b>2,886,814</b>
<b>Net income/(expenditure)</b>		<b>128,708</b>	<b>(280,466)</b>	<b>(98,919)</b>	<b>(250,677)</b>	<b>(19,138)</b>
Transfers between funds	16	(185,449)	182,197	3,252	-	-
<b>Other recognised gains/(losses)</b>						
Actuarial gains/(losses) on defined benefit pension schemes	18	-	53,000	-	53,000	(361,000)
<b>Net movement in funds</b>		<b>(56,741)</b>	<b>(45,269)</b>	<b>(95,667)</b>	<b>(197,677)</b>	<b>(380,138)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		487,877	(1,204,000)	6,301,202	5,585,079	5,965,217
Total funds carried forward		431,136	(1,249,269)	6,205,535	5,387,402	5,585,079



**PRIME7 MAT**  
**BALANCE SHEET**  
**AS AT 31 AUGUST 2020**

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Tangible assets	12		6,202,624		6,276,751
<b>Current assets</b>					
Debtors	13	85,929		109,541	
Cash at bank and in hand		627,614		562,788	
		<u>713,543</u>		<u>672,329</u>	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	14	(205,765)		(160,001)	
<b>Net current assets</b>			<u>507,778</u>		<u>512,328</u>
<b>Net assets excluding pension liability</b>			<u>6,710,402</u>		<u>6,789,079</u>
Defined benefit pension scheme liability	18		(1,323,000)		(1,204,000)
<b>Total net assets</b>			<u><u>5,387,402</u></u>		<u><u>5,585,079</u></u>
<b>Funds of the Academy Trust:</b>					
<b>Restricted funds</b>	16				
- Fixed asset funds			6,205,535		6,301,202
- Restricted income funds			73,731		-
- Pension reserve			(1,323,000)		(1,204,000)
<b>Total restricted funds</b>			<u>4,956,266</u>		<u>5,097,202</u>
<b>Unrestricted income funds</b>	16		<u>431,136</u>		<u>487,877</u>
<b>Total funds</b>			<u><u>5,387,402</u></u>		<u><u>5,585,079</u></u>

The financial statements on pages 25 to 46 were approved by the Trustees and authorised for issue on 2/12/20 and are signed on their behalf by:

*Ck Wade*

Mrs C Wade  
Chair of Trustees

Company Number 08567252



# PRIME7 MAT

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

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Net cash provided by operating activities	19		89,321		156,620
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		297		356	
Capital grants from DfE Group		27,183		52,199	
Purchase of tangible fixed assets		(51,975)		(80,249)	
<b>Net cash used in investing activities</b>			(24,495)		(27,694)
<b>Net increase in cash and cash equivalents in the reporting period</b>			64,826		128,926
Cash and cash equivalents at beginning of the year			562,788		433,862
<b>Cash and cash equivalents at end of the year</b>			627,614		562,788



## PRIME7 MAT

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

---

#### 1 Accounting policies

##### 1.1 Basis of preparation

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

Prime7 MAT 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, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the 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 incoming resources are recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

###### Grants receivable

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

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

###### Sponsorship income

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

###### Donations

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

###### Other income

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



## PRIME7 MAT

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

#### 1 Accounting policies

(Continued)

##### Donated goods, facilities and services

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

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

#### 1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

##### Expenditure on raising funds

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

##### Charitable activities

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

##### Governance costs

These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management, Trustees' meetings and reimbursed expenses.

#### 1.5 Tangible fixed assets and depreciation

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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



## PRIME7 MAT

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

#### 1 Accounting policies

(Continued)

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

Long term leasehold property	50 years straight line
Computer equipment	3 years straight line
Fixtures, fittings & equipment	5 years straight line

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

#### 1.6 Liabilities

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

#### 1.7 Leasing and hire purchase commitments

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

#### 1.8 Financial instruments

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

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

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

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

#### 1.9 Taxation

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

#### 1.10 Pensions benefits

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





## PRIME7 MAT

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

---

#### 1 Accounting policies

(Continued)

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

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

#### 1.11 Fund accounting

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

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

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

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

#### 1.12 Critical accounting estimates and areas of judgement

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

##### 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.



## PRIME7 MAT

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

#### 1 Accounting policies

(Continued)

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 18, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

#### 2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Capital grants	-	27,183	27,183	52,199
Other donations	19,978	-	19,978	36,889
	<u>19,978</u>	<u>27,183</u>	<u>47,161</u>	<u>89,088</u>

The income from donations and capital grants was £47,161 (2019: £89,088) of which £19,978 was unrestricted (2019: £36,889) and £27,183 was restricted fixed assets (2019: £52,199).



## PRIME7 MAT

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

#### 3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<b>DfE / ESFA grants</b>				
General annual grant (GAG)	-	2,352,660	2,352,660	2,344,328
Other DfE group grants	-	339,824	339,824	239,425
	-	2,692,484	2,692,484	2,583,753
<b>Other government grants</b>				
Local authority grants	-	31,814	31,814	24,074
<b>Other funding</b>				
Other incoming resources	93,637	-	93,637	89,841
<b>Exceptional government funding</b>				
Coronavirus exceptional support	-	12,190	12,190	-
<b>Total funding</b>	<b>93,637</b>	<b>2,736,488</b>	<b>2,830,125</b>	<b>2,697,668</b>

The income from funding for educational operations was £2,830,125 (2019: £2,697,668) of which £93,637 was unrestricted (2019: £89,841) and £2,736,488 was restricted (2019: £2,607,827).

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

- The funding received for coronavirus exceptional support covers £12,190 of additional premises and cleaning costs. These costs are included in notes 6 and 8 below as appropriate.

#### 4 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Hire of facilities	7,607	-	7,607	37,831
Insurance Refunds	-	11,520	11,520	18,430
Other income	22,560	-	22,560	24,303
	30,167	11,520	41,687	80,564

The income from other trading activities was £41,687 (2019: £80,564) of which £30,167 was unrestricted (2019: £62,134) and £11,520 was restricted (2019: £18,430).



# PRIME7 MAT

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

### 5 Investment income

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Short term deposits	297	-	297	356

The income from funding for investment income was £297 (2019: £356) of which £297 was unrestricted (2019: £356).

### 6 Expenditure

	Staff costs £	Non-pay expenditure Premises £	Other £	Total 2020 £	Total 2019 £
Academy's educational operations					
- Direct costs	2,086,183	-	103,862	2,190,045	2,049,698
- Allocated support costs	382,826	250,381	346,695	979,902	837,116
	<u>2,469,009</u>	<u>250,381</u>	<u>450,557</u>	<u>3,169,947</u>	<u>2,886,814</u>

#### Net income/(expenditure) for the year includes:

	2020 £	2019 £
Fees payable to auditor for:		
- Audit	9,400	9,200
- Other services	4,875	5,100
Operating lease rentals	12,687	12,263
Depreciation of tangible fixed assets	126,102	125,113
Net interest on defined benefit pension liability	23,000	22,000

### 7 Central services

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

- human resources;
- financial services;
- governance support;
- legal services;
- educational support services

The Academy Trust charges for these services based on size of school (by pupils) in proportion to the trust.



# PRIME7 MAT

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

### 7 Central services (Continued)

The amounts charged during the year were as follows:	2020 £	2019 £
Middleton Cheney Primary Academy	102,034	-
Kings Sutton Primary Academy	51,543	-
Chipping Warden Primary Academy	30,366	-
	<u>183,943</u>	<u>-</u>

### 8 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<b>Direct costs</b>				
Educational operations	80	2,189,965	2,190,045	2,049,698
<b>Support costs</b>				
Educational operations	15,291	964,611	979,902	837,116
	<u>15,371</u>	<u>3,154,576</u>	<u>3,169,947</u>	<u>2,886,814</u>

The expenditure on charitable activities was £3,169,947 (2019: £2,886,814) of which £15,371 was unrestricted (2019: £-), £3,028,474 was restricted (2019: £2,761,701) and £126,102 was restricted fixed assets (2019: £125,113).

	2020 £	2019 £
<b>Analysis of support costs</b>		
Support staff costs	386,444	328,388
Depreciation	126,102	125,113
Technology costs	20,223	35,044
Premises costs	124,279	137,819
Other support costs	302,294	194,057
Governance costs	20,560	16,695
	<u>979,902</u>	<u>837,116</u>



# PRIME7 MAT

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

### 9 Staff

#### Staff costs

Staff costs during the year were:

	2020 £	2019 £
Wages and salaries	1,749,285	1,634,389
Social security costs	147,246	128,957
Pension costs	538,423	388,622
Staff costs - employees	2,434,954	2,151,968
Agency staff costs	18,764	38,659
Staff restructuring costs	15,291	-
	2,469,009	2,190,627
Staff development and other staff costs	9,214	14,700
Total staff expenditure	2,478,223	2,205,327
Staff restructuring costs comprise:		
Severance payments	15,291	-

#### Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £15,291 (2019: £nil). Individually, the payments were: £8,291 and £7,000.

#### Staff numbers

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

	2020 Number	2019 Number
Teachers	29	31
Administration and support	63	65
Management	7	3
	99	99



## PRIME7 MAT

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

#### 9 Staff

(Continued)

##### Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
	<u>1</u>	<u>-</u>

##### Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £473,749 (2019: £193,119). The Trust took the decision to include Deputy Head Teachers as key management in the 2020 accounts. Comparative figures have not been restated.

#### 10 Trustees' remuneration and expenses

One or more of the Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Head Teacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Head Teacher and staff members under their contracts of employment, and not in respect of their services as Trustees.

The value of Trustees' remuneration and other benefits was as follows:

Ms V Rayner (Head Teacher and Trustee):

Remuneration £20,001 - £25,000 (2019: £60,001 - £65,000)

Employers pension contributions £5,001 - £10,000 (2019: £10,001 - £15,000)

Pay in lieu of notice £20,001 - £25,000 (2019: £Nil)

Settlement agreement £5,001 - £10,000 (2019: £Nil)

#### 11 Insurance for Trustees and officers

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 trust 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.



# PRIME7 MAT

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

### 12 Tangible fixed assets

	Long term leasehold property £	Computer equipment £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>				
At 1 September 2019	6,602,437	133,625	411,568	7,147,630
Additions	-	26,158	25,817	51,975
At 31 August 2020	6,602,437	159,783	437,385	7,199,605
<b>Depreciation</b>				
At 1 September 2019	449,178	109,083	312,618	870,879
Charge for the year	76,468	16,337	33,297	126,102
At 31 August 2020	525,646	125,420	345,915	996,981
<b>Net book value</b>				
At 31 August 2020	6,076,791	34,363	91,470	6,202,624
At 31 August 2019	6,153,259	24,542	98,950	6,276,751

Included in Long term leasehold property is land with a value of £2,779,000 (2019: £2,779,000) which is not depreciated.

### 13 Debtors

	2020 £	2019 £
Trade debtors	3,515	-
VAT recoverable	9,333	54,408
Prepayments and accrued income	73,081	55,133
	85,929	109,541

### 14 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	22,188	29,200
Other taxation and social security	80,382	31,411
Accruals and deferred income	103,195	99,390
	205,765	160,001





# PRIME7 MAT

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

### 15 Deferred income

	2020 £	2019 £
Deferred income is included within:		
Creditors due within one year	57,305	55,055
Deferred income at 1 September 2019	55,055	84,271
Released from previous years	(55,055)	(84,271)
Resources deferred in the year	57,305	55,055
<b>Deferred income at 31 August 2020</b>	<b>57,305</b>	<b>55,055</b>

Deferred income relates to the Universal Infant Free School Meals grants of which will be fully utilised in year ending 31 August 2021.

### 16 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	2,352,660	(2,534,857)	182,197	-
Other DfE / ESFA grants	-	339,824	(266,093)	-	73,731
Other government grants	-	44,004	(44,004)	-	-
Other restricted funds	-	11,520	(11,520)	-	-
Pension reserve	(1,204,000)	-	(172,000)	53,000	(1,323,000)
	<u>(1,204,000)</u>	<u>2,748,008</u>	<u>(3,028,474)</u>	<u>235,197</u>	<u>(1,249,269)</u>
<b>Restricted fixed asset funds</b>					
Inherited on conversion	6,026,680	-	(76,468)	-	5,950,212
DfE group capital grants	274,522	27,183	(49,634)	3,252	255,323
	<u>6,301,202</u>	<u>27,183</u>	<u>(126,102)</u>	<u>3,252</u>	<u>6,205,535</u>
<b>Total restricted funds</b>	<u>5,097,202</u>	<u>2,775,191</u>	<u>(3,154,576)</u>	<u>238,449</u>	<u>4,956,266</u>
<b>Unrestricted funds</b>					
General funds	487,877	144,079	(15,371)	(185,449)	431,136
<b>Total funds</b>	<u>5,585,079</u>	<u>2,919,270</u>	<u>(3,169,947)</u>	<u>53,000</u>	<u>5,387,402</u>



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

Restricted General Funds:

The General Annual Grants Funds (GAG) is used for educational purpose in line with Trust's objects and its funding agreements. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

The other DfE/ESFA grants, which include pupil premium, sports funding and free school meals, are all used in accordance with restrictions of the individual grants for funding provided.

The Local Authority grants consist of high needs funding which is used to provide specialist support for the children.

The pension reserve represents the Local Government Pension Scheme deficit.

Fixed Asset Restricted Funds:

Fixed assets transferred on conversion represent the land and other assets transferred to the Trust from Northamptonshire County Council on conversion.

The other capital grants and income, which include capital grant from the DfE/ESFA and other funders, have been used to fund the capital expenditure of the Trust.

Transfer between Funds:

The transfer of £182,197 (2019: £24,444) from the unrestricted fund to the restricted fund was to fund the additional GAG expenditure arising during the year.

The transfer of £3,252 (2019: £Nil) from the unrestricted fund to the restricted fixed asset fund was to fund the additional capital expenditure arising during the year.



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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	2,344,328	(2,368,772)	24,444	-
Other DfE / ESFA grants	-	239,425	(239,425)	-	-
Other government grants	-	24,074	(24,074)	-	-
Other restricted funds	-	18,430	(18,430)	-	-
Pension reserve	(732,000)	-	(111,000)	(361,000)	(1,204,000)
	<u>(732,000)</u>	<u>2,626,257</u>	<u>(2,761,701)</u>	<u>(336,556)</u>	<u>(1,204,000)</u>
<b>Restricted fixed asset funds</b>					
Transfer on conversion	6,103,149	-	(76,469)	-	6,026,680
DfE group capital grants	270,967	52,199	(48,644)	-	274,522
	<u>6,374,116</u>	<u>52,199</u>	<u>(125,113)</u>	<u>-</u>	<u>6,301,202</u>
<b>Total restricted funds</b>	<u>5,642,116</u>	<u>2,678,456</u>	<u>(2,886,814)</u>	<u>(336,556)</u>	<u>5,097,202</u>
<b>Unrestricted funds</b>					
General funds	<u>323,101</u>	<u>189,220</u>	<u>-</u>	<u>(24,444)</u>	<u>487,877</u>
<b>Total funds</b>	<u>5,965,217</u>	<u>2,867,676</u>	<u>(2,886,814)</u>	<u>(361,000)</u>	<u>5,585,079</u>

#### Total funds analysis by academy

	2020 £	2019 £
Fund balances at 31 August 2020 were allocated as follows:		
Middleton Cheney Primary Academy	118,633	346,681
Kings Sutton Primary Academy	67,267	91,873
Chipping Warden Primary Academy	22,565	49,323
Central services	296,402	-
Total before fixed assets fund and pension reserve	<u>504,867</u>	<u>487,877</u>
Restricted fixed asset fund	6,205,535	6,301,202
Pension reserve	(1,323,000)	(1,204,000)
Total funds	<u>5,387,402</u>	<u>5,585,079</u>



### Total cost analysis by academy

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

	Teaching and educational support staff £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2020 £	Total 2019 £
Middleton Cheney Primary Academy	836,641	370,141	84,893	205,473	1,497,148	1,421,664
Kings Sutton Primary Academy	342,709	234,832	75,887	114,347	767,775	784,920
Chipping Warden Primary Academy	269,587	118,180	39,996	81,602	509,365	444,117
Central services	61,398	114,257	22,170	116,675	314,500	-
	<u>1,510,335</u>	<u>837,410</u>	<u>222,946</u>	<u>518,097</u>	<u>3,088,788</u>	<u>2,650,701</u>

### 17 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2020 are represented by:</b>				
Tangible fixed assets	-	-	6,202,624	6,202,624
Current assets	636,901	73,731	2,911	713,543
Creditors falling due within one year	(205,765)	-	-	(205,765)
Defined benefit pension liability	-	(1,323,000)	-	(1,323,000)
<b>Total net assets</b>	<u>431,136</u>	<u>(1,249,269)</u>	<u>6,205,535</u>	<u>5,387,402</u>

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
<b>Fund balances at 31 August 2019 are represented by:</b>				
Tangible fixed assets	-	-	6,276,751	6,276,751
Current assets	487,877	160,001	24,451	672,329
Creditors falling due within one year	-	(160,001)	-	(160,001)
Defined benefit pension liability	-	(1,204,000)	-	(1,204,000)
<b>Total net assets</b>	<u>487,877</u>	<u>(1,204,000)</u>	<u>6,301,202</u>	<u>5,585,079</u>



## 18 Pension and similar obligations

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

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

There was £45,873 of outstanding contributions payable to the schemes as at 31 August 2020.

### Teachers' Pension Scheme

#### Introduction

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

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

#### Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £336,864 (2019: £252,589).

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

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

### Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The estimated value of employer contributions for the forthcoming year is £121,000.



## 18 Pension and similar obligations

(Continued)

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

Total contributions made	2020 £	2019 £
Employer's contributions	122,000	112,000
Employees' contributions	34,000	27,000
Total contributions	156,000	139,000

Principal actuarial assumptions	2020 %	2019 %
Rate of increase in salaries	2.7	2.6
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.7	1.8

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

	2020 Years	2019 Years
Retiring today		
- Males	21.5	21.2
- Females	23.7	23.3
Retiring in 20 years		
- Males	22.3	22.3
- Females	25.1	24.7

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 August 2020:	Approximate % increase to Employer Liability	Approximate monetary amount £'s
0.5% decrease in Real Discount Rate	12%	340,000
0.5% increase in the Salary Increase Rate	1%	20,000
0.5% increase in the Pension Increase Rate	11%	315,000

### Defined benefit pension scheme net liability

Scheme assets	1,451,000	1,312,000
Scheme obligations	(2,774,000)	(2,516,000)
Net liability	(1,323,000)	(1,204,000)



**18 Pension and similar obligations**

**(Continued)**

**The Academy Trust's share of the assets in the scheme**

	<b>2020</b>	<b>2019</b>
	<b>Fair value</b>	<b>Fair value</b>
	<b>£</b>	<b>£</b>
Equities	1,001,190	944,640
Bonds	232,160	223,040
Cash	43,530	26,240
Property	174,120	118,080
Total market value of assets	<u>1,451,000</u>	<u>1,312,000</u>

The actual return on scheme assets was £- (2019: £58,000).

**Amount recognised in the Statement of Financial Activities**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Current service cost	271,000	192,000
Past service cost	-	9,000
Interest income	(25,000)	(33,000)
Interest cost	48,000	55,000
Total operating charge	<u>294,000</u>	<u>223,000</u>

**Changes in the present value of defined benefit obligations**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
At 1 September 2019	2,516,000	1,859,000
Current service cost	271,000	192,000
Interest cost	48,000	55,000
Employee contributions	34,000	27,000
Actuarial (gain)/loss	(78,000)	386,000
Benefits paid	(17,000)	(12,000)
Past service cost	-	9,000
At 31 August 2020	<u>2,774,000</u>	<u>2,516,000</u>

**Changes in the fair value of the Academy Trust's share of scheme assets**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
At 1 September 2019	1,312,000	1,127,000
Interest income	25,000	33,000
Actuarial (loss)/gain	(25,000)	25,000
Employer contributions	122,000	112,000
Employee contributions	34,000	27,000
Benefits paid	(17,000)	(12,000)
At 31 August 2020	<u>1,451,000</u>	<u>1,312,000</u>



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

	2020 £	2019 £
Net expenditure for the reporting period (as per the statement of financial activities)	(250,677)	(19,138)
Adjusted for:		
Capital grants from DfE and other capital income	(27,183)	(52,199)
Investment income receivable	(297)	(356)
Defined benefit pension costs less contributions payable	149,000	89,000
Defined benefit pension scheme finance cost	23,000	22,000
Depreciation of tangible fixed assets	126,102	125,112
Decrease/(increase) in debtors	23,612	(2,902)
Increase/(decrease) in creditors	45,764	(4,897)
<b>Net cash provided by operating activities</b>	<b>89,321</b>	<b>156,620</b>

## 20 Analysis of changes in net funds

	1 September 2019 £	Cash flows £	31 August 2020 £
Cash	562,788	64,826	627,614

## 21 Commitments under operating leases

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

	2020 £	2019 £
Amounts due within one year	6,179	6,179
Amounts due in two and five years	2,678	5,358
	<b>8,857</b>	<b>11,537</b>

## 22 Related party transactions

No related party transactions took place in the period of account other than certain Trustees' remuneration and expenses already disclosed in note 9.

In the opinion of the Trustees, there is no ultimate controlling party.

## 23 Members' liability

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