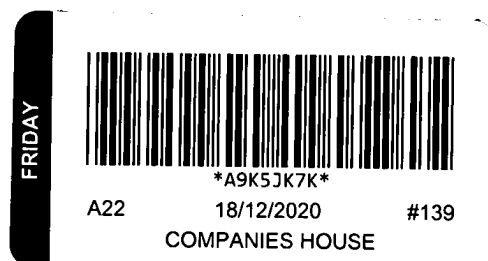


Company Registration Number: 10700526 (England & Wales)

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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



GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 20
Governance statement	21 - 24
Statement on regularity, propriety and compliance	25
Independent auditors' report on the financial statements	26 - 28
Independent reporting accountant's report on regularity	29 - 30
Statement of financial activities incorporating income and expenditure account	31
Balance sheet	32 - 33
Statement of cash flows	34
Notes to the financial statements	35 - 67

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Tom Havelock Andrew Smith Janet Dack Maurice Jones (appointed 30 October 2019) Sue Urwin (appointed 10 February 2020)
Trustees	Anna Coulson, Chief Executive Officer (to 30th April 2020) and Accounting Officer (to 31st October 2019) (resigned 30 April 2020) James Dale (resigned 22 October 2019) Jamie Peacock MBE (resigned 23 October 2019) Karl Pemberton (resigned 11 September 2019) Mark Easby (resigned 22 October 2019) Nik Tunley, Chair (resigned 1 November 2019) Claire Graham-Brown* Andrew Smith (appointed 1 November 2019) Charles Clinkard** (resigned 30 October 2019) Iain Spittal (resigned 19 September 2019) Elizabeth Horne (appointed 18 December 2019, resigned 22 September 2020) Leslie Walton, Chair of Trustees (appointed 1 February 2020) Steven Hodsman (appointed 6 April 2020) David Fletcher (appointed 7 April 2020) Julie Deville (appointed 7 September 2020) Darren Ditchburn (appointed 5 November 2020) Andrew Thom (appointed 1 June 2020)

*Appointed by the York Diocesan Board of Education

**Co-opted by the Board of Trustees

(All other appointments were Member appointments, please see further p4 for details)

Company registered number	10700526
Company name	Galileo Multi Academy Trust
Principal and registered office	Room 205 Innovation Centre Vienna Court Kirkleatham Business Park Redcar TS10 5SH
Senior management team	D De Muschamp Interim Chief Executive Officer (from 6 January 2020) S Hindmarch, Chief Financial Officer (and interim Accounting Officer from 1st November 2019) A Coulson, Chief Executive Officer (until 30 April 2020) C Devereux, Director of HR (until 15th November 2019) K Crinion, Director of School Improvement (Until 6 March 2020)

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Independent auditors Waltons Clark Whitehill Limited
Chartered Accountants
Maritime House
Harbour Walk
The Marina
Hartlepool
TS24 0UX

Bankers Lloyds Bank Plc
83-85 Linthorpe Road
Middlesbrough
North Yorkshire
TS1 5BU

Solicitors Browne Jacobsen LLP
Mowbray House
Castle Meadow Road
Nottingham
NG2 1BJ

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

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

The Multi Academy Trust operates ten primary schools in the Redcar and Cleveland area for pupils aged 2 to 11. The Trust has a pupil capacity of 3,249 and had a roll of 3,084 in the Autumn 2019 census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

• **Constitution**

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

Details of the Trustees who served during the year, and to the date these financial statements are approved, are included in the Reference and administrative details on page 1.

• **Members' liability**

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

• **Trustees' indemnities**

A trustee may benefit from any indemnity insurance purchased at the academy trust's expense to cover liability of the trustees, which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the academy trust. This is provided that any such insurance shall not extend to any claim arising from any act or omission which the trustees knew to be a breach of trust, or breach of duty or which was committed by the trustees in reckless disregard to whether it was a breach of trust or breach of duty or not, and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the trustees in their capacity as directors of the academy trust.

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The academy joined the Zurich Municipal 'Select for Academies Scheme' in 1st April 2018 and this provided cover up to £5,000,000. This arrangement remained in place throughout the reporting period. Following the reporting period, and following a thorough review of Insurance options, on the recommendation of the Executive Team, Trustees opted to join the ESFA's RPA scheme from 1st September 2020 and this provides Trustee Indemnity cover up to £10,000,000.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

• **Method of recruitment and appointment or election of Trustees**

The management of the Academy Trust is the responsibility of the Trustees who are appointed under the terms of the articles of association and funding agreement.

In summary, the Articles of Association require as follows:

- The number of Trustees shall be not less than three nor more than nine.
- The Company shall have the following Trustees:
 - (a) Up to 8 Trustees appointed as follows:
 - (i) Up to 6 Trustees appointed by Members
 - (ii) At least 2 Trustees appointed by the York Diocesan Board of Education
 - (b) The Chief Executive Officer, if appointed by the Members
- Up to 2 Co-opted Trustees appointed by relevant Trustees.

There is also provision for Parent Trustees to be appointed in certain circumstances, which do not at present apply to the Trust.

(Please note that this is a simplification and the published Articles of Association should be consulted for the detailed position.)

The Board carries out a skills audit of Trustees annually to inform the recruitment process and Trustee development.

During this reporting period, eight Trustees resigned their position and six Trustee appointments have been made. Trustees have been appointed based on their skills, experience and knowledge of Multi Academy Trust governance processes in line with new and formalised Trustee appointment policy which ensures a rigorous and transparent process. Appointments included an interim Chair of Trustees, identified through the support of the Regional Schools Commissioner, who has been instrumental in making further appointments to the Board. This has included a mix of permanent Trustee appointments and interim appointments to the Board. One interim Trustee stepped down after the reporting period, and a number of interim Trustees, including the Interim Chair, will step down in the near future, coinciding with planned additional permanent Trustee appointments being made.

• **Policies adopted for the induction and training of Trustees**

The Academy Trust is currently conducting a tender exercise to purchase external support for both individual and board of trustee training linked to the aforementioned self-review of performance and findings of the skills' audit.

All new Trustees are provided with copies of policies, procedures, minutes, Management Accounts, budgets, and other documents they need to undertake their role as Trustees, along with a copy of the latest Academies Financial Handbook.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

• **Organisational structure**

The Academy Trust has established a management structure to enable efficient and effective running of the organisation. The structure consists of four levels: Members, the Board of Trustees, the Executive team (CEO and CFO) who are the senior leadership team of the Academy Trust, and the Local School Boards. Decision making across the Trust is outlined in the Academy Trust's scheme of delegation.

Members have an important role in oversight of Multi Academy Trust. Members are required to have an overview of the governance arrangements of the Academy Trust and provide independent oversight and challenge to the Board of Trustees. Members are "eyes on and hands off." They are responsible for (amongst other things) appointment of (Member appointed) Trustees, appointing the external Auditor and amending (subject to necessary consents) the articles of association.

Trustees are responsible for directing the Academy Trust's operations and are responsible for making key strategic decisions and providing strategic leadership, oversight and assurance for educational and financial performance. Their core functions include:

- Ensuring clarity of vision, ethos and strategic direction;
- Holding executive leaders to account for the educational performance of the organisation and its pupils, and the effective and efficient performance management of staff; and
- Overseeing the financial performance of the organisation and making sure it's money well spent.

The Board's responsibilities include setting the policy and delegation framework for the Academy Trust, adopting an annual plan and budget approval, monitoring the impact of the Trust on educational outcomes, making major decisions about the direction of the Trust, oversight of capital expenditure and making/approval of certain key leadership appointments.

During the year under review the **Executive Team** (which is now only CEO and CFO), each being members of the Academy Trust's senior Leadership team, consisted of the following.

- **The Chief Executive** - Responsible for setting the overall direction of the Academy Trust; leading the development and execution of long-term strategies, managing resources, risk management and communicating, on behalf of the Trust, with both internal and external stakeholders.
- **Chief Financial Officer** – Responsible for leading and managing the Financial and operational aspects of the Academy Trust. Providing strategic and operational leadership in all aspects of business activities within the Academy Trust's schools, and being accountable for the operation, maintenance and development of systems, processes and procedures relating to budget, finance, administration, HR, premises, including ICT and health and safety.

The Head Teachers are responsible for the day-to-day running of their school (assisted by the school's senior leadership team).

Each academy has its own Local Schools' Board. The LSB are sub-committees of the main Trust Board. The Board of Trustees have delegated certain of its functions to the LSB to ensure that there is scrutiny, and accountability, at the local level. The delegations made by the Board of Trustees are contained within the Trust Scheme of Delegation that was approved by the Trust Board on 14th July 2020.

Further details of the delegations in place can be found at: <https://www.galileotrust.co.uk/governance>

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

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

The Board's approach to setting the pay of the senior leadership team must be transparent, proportionate and justifiable.

The Senior Leadership Team at the end of the reporting period comprised of the Interim CEO and Chief Financial Officer. Neither Trustees nor Members receive remuneration for their role as Trustees/Members.

All members of the Senior Leadership Team are subject to an individual performance review, which is carried out in accordance with the relevant policies. This policy is used to determine the pay and remuneration.

Any future review of pay and remuneration will be considered alongside the factors set out in the then relevant Academies Financial Handbook. For 2020 the requirements are as follows:

- Process - that the procedure for determining executive pay is agreed by the Board in advance and documented
- Independence - decisions about executive pay reflect independent and objective scrutiny by the Board and that conflicts of interest are avoided
- Robust decision-making - factors in determining pay are clear, including whether performance considerations, and the degree of challenge in the role, have been taken into account
- Proportionality – Pay and benefits represent good value for money and are defensible relative to the public sector market
- Documentation - the rationale behind the decision-making process, including whether the level of pay reflects value for money, is recorded and retained
- A basic presumption that non-teaching pay should not increase at a faster rate than that of teachers, in individual years and over the longer term
- Understanding that inappropriate pay can be challenged by ESFA, particularly in any instance of poor financial management of the trust

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

• **Trade union facility time**

Relevant union officials

Number of employees who were relevant union officials during the year	8
Full-time equivalent employee number	8

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time £

Total cost of facility time	5,567
Total pay bill	13,669,077
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100 %
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GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

• **Engagement with employees (including disabled persons)**

As an employer of over 250 employees the Academy Trust has introduced and developed its provision of information and consultation with employees through staff meetings and briefings, as well as formal correspondence to inform staff of developments. Through these arrangements, staff are provided with information relating to the performance of the Academy Trust and the school. Furthermore, the Academy Trust has installed high speed internet in 70% of its schools, with the remaining schools converting when the current contract expires in December 2020.

Academy Trust representatives meet termly with the JCC (Joint Consultative Committee) which is represented by both teaching and support staff unions. The committee reviews relevant policies prior to full consultation with staff, and all policies are available to staff via the school.

Prior to conversion into the Academy Trust, all staff were provided with information relating to their right under the Transfer of Undertakings (Protection of Employment) Regulations.

The Academy Trust complies with the requirements of the Equality Act 2010. Each school has disabled toilet facilities and ensures access to the main areas of each school are accessible to wheelchair users. The Academy Trust's application form underpins the Academy Trust's diversity values whereby the Academy Trust encourages positivity in respect of disability and welcomes applications from disabled people. The Academy Trust will make reasonable adjustments to the recruitment process if the applicant makes the Academy Trust aware they have a disability, while our recruitment policy ensures the recruitment of all staff is conducted in a fair manner, in accordance with statutory requirements and good practice. Training opportunities, career development and promotion opportunities apply to all staff equally.

In accordance with the Academy Trust's equal opportunities policy, the Academy Trust has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Academy Trust's offices.

OBJECTIVES AND ACTIVITIES

• **Objects and aims**

The principal object and activity of the Academy Trust is to advance education in the UK for the public benefit, in particular by maintaining, evolving, managing and developing academies which offer a broad and balanced curriculum.

In doing this, the Academy Trust is responsible for the operation of ten primary schools across the Redcar and Cleveland area.

This includes two Church of England academies, which are required to be conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship. The York Diocesan Board of Education (YDBE) works closely with the Church of England schools in the Academy Trust, supported by the Board of Trustees, to ensure that the Church of England foundation of the schools' Christian foundations are preserved and developed. The YDBEs, through its work, seeks to build flourishing communities in its schools, parishes and homes where every child, young person and those who care for them has a transforming encounter with the Christian faith and the person of Jesus Christ. This takes as its starting point the words of Jesus, who said that he came so that all may have 'life in all its fullness' (John 10:10). The YDBE is committed to Church schools working in partnership with Community schools for the benefit of the localities they serve.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

OBJECTIVES AND ACTIVITIES (CONTINUED)

The Academy Trust seeks to provide a solid, unshakable, foundation for its schools, defined by exceptional teaching experiences and shared values of learning, accountability, respect and integrity.

It is expected that all leaders, teachers, staff, parents and children alike embrace the values to complement each individual school's values and visions.

Galileo Multi Academy Trust embraces school to school support and the sharing of good practice throughout the Academy Trust. Every school and every individual is included in its vision. We actively encourage collaboration and seek to work as a team to create and deliver the best possible education experiences for every pupil within the Academy Trust. We work together to benefit the communities in which we serve.

● **Objectives, strategies and activities**

The Trust's objectives set for the 2019/20 reporting period included:

- Introducing and embedding high quality governance at Academy Trust Board Level
- Ensuring ESFA findings from their 2019 Financial Management and Governance Review were acted on
- Restructuring of the Central Team to help ensure financial sustainability and meets the needs of the Academy Trust
- Full review of Central Services
- Improving Academy Trust wide communication
- Full review and development of new and existing policies to strengthen the accountability of the Academy Trust
- Ensuring a rich and varied educational experience for all pupils

In order to achieve these improvements, the following strategies are now in place to build on the previous year's activities:

1. **Introducing and embedding high quality governance at Board Level**

Following the departure of a number of Trustees, Members and Trustees sought to urgently appoint additional individuals to take the Trust forward. This included engaging with the wider stakeholder population, liaison with the Regional Schools Commissioner and advertising through Academy Ambassadors. On the 1st February 2020, Mr Les Walton CBE was appointed Interim Chair of Trustees. Since his appointment Mr Walton, supported by the Board, has worked hard to seek experienced individuals to serve as members of the Trust Board, both on an interim and permanent basis. Since his appointment a total of four new Trustees have been inducted.

Decisions with regards to new appointments have been made based on skills, fit and the candidates' ability to support the Academy Trust given where it is on its journey. The Trust Board has also refined and formalised its *Trustee appointment policy which ensures a rigorous and transparent process.*

Since the Chairs' appointment a new scheme of delegation has been written and approved by the Academy Trust Board. This piece of work was led by the Vice Chair of Trustees, Mr Steve Hodsman alongside the Interim CEO. To help ensure collaborative working and buy-in at school level a working group was established consisting of Head Teachers, Trustees and Chairs of Local School Boards and all parties had input into the process

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

OBJECTIVES AND ACTIVITIES (CONTINUED)

2. Ensuring ESFA findings from their 2019 Financial Management and Governance Review were acted on

Following a Financial Management and Governance Review conducted by the ESFA in 2019 the CFO alongside Trustees developed a remedial action plan which detailed measures put in place to address any issues raised alongside a timeframe for action and assigning responsibility to a specific person.

Trustees have also appointed a new Internal Audit Team, Armstrong Watson following a full and transparent procurement process in which four firms were shortlisted and interviewed. Following the interview process, a recommendation was subsequently presented to, and approved by Trustees.

The remedial action plan which has been shared with ESFA has since undergone a rigorous week long audit conducted by the newly Appointed Internal Audit team, where they performed relevant sample testing in relation to all actions, raised to ascertain the progress made in each area.

The report concluded that the Academy Trust had implemented its 'proposed remedial action' plan made in response to the ESFA review findings and found that it was clear that progress had been made in response to all of the ESFA findings.

3. Restructuring the Central Team to help ensure financial sustainability and meets the needs of the Academy Trust

Upon appointment the Interim CEO led on a restructuring exercise which involved a full and thorough review of the Central Team cost and function. The review identified the current structure was not financially sustainable, and no longer met the needs of the Academy Trust.

The review also highlighted there were posts within the Central Team which duplicated roles that were being covered elsewhere within the Academy Trust.

The restructure was conducted both promptly and professionally and has resulted in a reduction of staff costs of 33%, culminating in a recurrent annual saving of £187k.

4. Full review of Central Services

The aforementioned review of the Central Team also highlighted that the services provided no longer met the needs to the Academy Trust, and constituent schools didn't feel they were receiving good value for money. The CEO and CFO met with Head Teachers to help ascertain what they would like to see covered in the budget allocated to cover Central Team costs and provisions. A costing exercise was undertaken to factor in agreed suggestions.

Following further consultation, it was agreed that school's contributions were reduced to include a percentage of GAG funding whilst also incorporating additional services such as an educational psychology service provision, access to a Safeguarding service and training package, an education welfare officer, and an internal HR Manager. The Central budget has also absorbed the costs of installing a high speed internet provision into all schools.

The review of central services not only contributes to satisfying the needs to school's but also helps to ensure the longevity and solvency of the organisation.

Further review will continue in 2021 upon appointment of a CEO with a revised focus on clarifying the required capacity to support school improvement.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

OBJECTIVES AND ACTIVITIES (CONTINUED)

5. Improving Academy Trust wide communication

Significant improvements have been made during the reporting period with regards to Trust-Wide Communication. The Chair of Trustees has met regularly with both Head Teachers and Local School Boards at constituent schools to discuss how they feel the Academy Trust is progressing, and where they would like to see further improvements. The Vice Chair of Trustees has also liaised closely with representatives around the Academy Trust when drafting the revised Scheme of Delegation.

In February 2020, an Organisational Climate survey was undertaken by key leaders in the Academy Trust which focused on six dimensions: Clarity, Standards, Flexibility, Responsibility, Rewards, and Team Commitment. The survey assessed how it felt to work within the organisation, and offered an indication on how the organisation was performing along with the likelihood of it achieving its objectives.

The survey was repeated in October 2020 and comparisons were made with findings from the original report. The October report was extremely positive and showed considerable improvement in some of the dimensions measured, as well as a revived Trust-wide team spirit, and greater confidence in the operation of the Academy Trust.

Internally, the Central Executive Team meet regularly with Head Teachers, while the CFO holds frequent meetings with School Business Managers across the Academy Trust. A Trust Bulletin is also produced on a monthly basis which highlights any current issues, and provides the opportunity to update all staff within the Academy Trust of any current opportunities or achievements.

Additionally, as previously mentioned the Central Team have funded the installation of a high-speed internet service into all schools, and are currently installing an internet based Trust-wide telephony service to physically aid communications.

6. Full review and development of new and existing policies to strengthen the accountability of the Academy Trust

A review of the Academy Trust's financial procedures policy is near completion and will include incorporation of some changes highlighted in the ESFA Financial Management and Governance Review. Furthermore, a full review of all Trust wide policies is currently being undertaken.

HR Policies are all currently being reviewed by our newly appointed internal HR Manager who meets with other Academy Trust representatives prior to meeting termly with a committee made up of both teaching and support staff unions for consultation prior to approval by Trustees. A number of policies are currently under review by the committee and a number of Policies were presented to Trustees at the November 2020 and December 2020 meetings for sign off. These include: Teachers Pay Policy, Teachers Appraisal, Absence Management, Recruitment Policy, and Health & Safety, amongst others.

A review of the Trust's wider policies will be overseen by the newly appointed CEO

Furthermore, with the help of Trustees a Policy review planner has been set up which clearly identifies which policies are pending review.

• Public benefit

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

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

OBJECTIVES AND ACTIVITIES (CONTINUED)

The Academy Trust's aims and activities are specifically for the public benefit.

The direct beneficiaries for the reporting period were mainly pupils and families living within the administrative boundary of Redcar and Cleveland Borough Council, which is the catchment area of member schools. Admission to member schools is determined by pre-determined criteria of eligibility, which is primarily based on location of residence. The admission process does not allow for selection by ability.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

• **Key performance indicators**

Academic

Due to the 2019-20 academic year being abruptly ended on 20th March due to an imposed lockdown, a large percentage of quality teaching and learning time was lost and usual examinations were unable to go ahead.

During lockdown Head Teachers at each constituent school ensured families were contacted on a regular basis. Children identified as vulnerable or with an EHCP were contacted regularly by teachers and support staff. Families welcomed this contact and positive feedback was offered for the remote teaching provision provided during the period schools were closed.

Learning materials were provided via a vast array of channels, including online platforms, email, and physical work packs picked up from schools.

The Academy Trust adopted a proactive approach to the problem of free school meals. Before the Government decided to offer the vouchers the Central Finance team worked closely with Head Teachers and School Business Managers to gather all necessary information and paid money directly into parents' bank accounts. As a result, our families were supported through a very uncertain and anxious times.

As a result of lockdown the Academy Trust utilised networking technology on a daily basis and work was completed via video conferencing. The Executive Central Team conducted leadership team meetings and budget meetings with Head Teachers remotely, and technology allowed Head Teachers the opportunity to communicate with their own individual teams.

Meetings with the Head Teachers and Interim CEO were regular and shifted focus from dealing with lockdown to planning for return.

The return of pupils across the Academy Trust was relatively coordinated as each school put plans in place for a September return.

During the Reporting Period, there were no official Inspections, and all schools continue to be rated good or outstanding by OFSTED.

Impact of Coronavirus on school attendance

Due to the imposed lockdown on the 20th March 2020 schools were closed to all children except those of key workers and children considered vulnerable. Government requested that schools re-open in June 2020 to specific groups that included children of both critical workers and also vulnerable children. The Academy Trust provided education and support to the specific groups for the period leading up to the 2020 summer break.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

STRATEGIC REPORT (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

During the above two periods schools were asked to record absences due to COVID-19 as "school closure unable to attend due to exceptional circumstances / not attending in circumstances relating to COVID".

The absences had an impact on reducing the actual overall attendance of the individual schools. The impact of COVID-19 and associated marking of the registers is demonstrated below by comparing the last two academic years.

2018/19

Actual 96.52%, **Authorised 2.28%**, Unauthorised 1.20%

2019/20

Actual 90.83%, **Authorised 8.37%**, Unauthorised 0.80%

Financial & Operational

As mentioned previously within this report, the Academy Trust completed a restructure of the Central Team and a full review of Central Services. The restructure was completed in March 2020 with any recurrent savings generated to be used to ensure longevity and solvency of the organisation.

The CFO completed the ESFA School Resource Management Self-assessment (SRMA) at the request of the Chair of Trustees, and in addition to the usual annual benchmarking exercise.

The above assessment helped to highlight how the Academy Trusts' ten constituent schools compared with other schools of similar demographics. On the whole the assessment indicated that based on 2019-20 financial and academic data all ten schools operated broadly in-line with similar schools. One indicator flagged by the report showed some schools within the Academy Trust had higher levels of support staff than similar schools. To address this, and in a way which negated the need for redundancies, and to maintain a high level of teaching support in schools, the CEO and CFO carried out a major exercise reducing support staff contracts at schools from 39 week to 38 week contracts. The consultation was well managed, and concluded in early September with all staff issued renewed contracts.

The benchmarking work carried out will also help with standardisation and best practice across the Academy Trust in other areas assessed.

Environmentally the roofing works being undertaken at three of our schools utilise Derbigum technology which provides significant environmental benefits and contributes to environmental sustainability. The Roofing Contractors are also planting a tree at one of the schools, and the technology used is attracting a lot of positive press.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

STRATEGIC REPORT (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

● **Going concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future.

As described elsewhere in this report COVID-19 has led to additional costs and reduced some of the opportunities for fundraising. This may have a negative impact on the budgets originally prepared for the next financial year, however the Academy Trust has reserves available to meet these additional costs if necessary.

For this reason they continue 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.

FINANCIAL REVIEW

● **Reserves policy**

Galileo Multi Academy Trust is expected to create contingency reserves from their annual General Annual Grant (GAG) funding or other income. During the early years of operation of the Trust (with the first schools joining in April 2018), GAG funding levels have created little opportunity to achieve a surplus. However, it is the Board's intention to ensure financial controls which will deliver surpluses over time through joint procurement, economies of scale and additional income generation.

The Trust's Reserves policy outlines the requirement for a revenue/capital reserve within the Trust to help ensure that development plans and strategic long terms aims are achieved. The reserves held are intended to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies.

This policy sets out how much the Trust seeks to hold in reserve and why, how and when the reserves can be spent and how often the reserves policy will be reviewed.

Any in year surplus becomes part of the school's reserves and any reserves held by the Trust are considered to be funds that are deployed at the discretion of the Trusts Executive Team with appropriate Board approval, and within the Trust's scheme of delegation.

Any in year surplus monies can be deployed at the discretion of the Executive Board based on Galileo's Strategic Priorities, and an assessment of local need. A Business Case can be submitted by the Head Teacher of a school to the Executive Team to request investment which has not been budgeted for; these business cases are for emergency work, or capital investment rather than operational running of the school.

Only in exceptional circumstances will reserves be used to support a short term deficit. This must be approved by the Trust Board.

The level of reserves held takes into account the nature of income and expenditure streams, the need to match them with commitments, including future capital projects, and the nature of reserves. The Trust's Strategic aim is to hold reserves equivalent to the sum of one month's payroll by 2023. The Trustees will keep this level of reserves under review and aim to build and maintain the reserves level whilst in keeping with the principle object of the Trust.

Total reserves at the end of the period amounted to £6,620k. This balance includes unrestricted funds (free

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

reserves) of £607k which is considered appropriate for the academy trust, and restricted funds of £6,013k.

Users should note that a surplus or deficit position of the pension scheme would generally result in a cash flow effect of the Academy Trust in the form of an increase or decrease in employers' pension contributions over a period of years. The Academy Trust thus takes this fact into account when reviewing current business plans and budgets, and ascertaining how the pension costs might affect budgets in the future. On the basis that increased pension contributions should generally be met from the Academy Trusts budgeted annual income, whilst the deficit may not be eliminated there should be no actual cash flow deficit on the fund or direct impact on the unrestricted reserves of the Academy Trust due to the recognition of the deficit.

● **Investment policy**

The Academy Trust's priority is to avoid high levels of risk by ensuring any investment vehicle has adequate credit rating measured by a reputable credit rating agency. The Academy Trust will avoid volatile investment instruments, ensuring security takes precedence over revenue generation. The Academy Trust, through its Audit and Risk Committee, will review investment of funds to ensure appropriate reflection of risk/reward at least on an annual basis.

As at 31 August 2020 no investments, except for bank deposits, were held.

● **Principal risks and uncertainties**

An Academy Trust risk register has been established and going forward will be reviewed and updated regularly. Where appropriate, systems or procedures have been established to mitigate the risks the Academy Trust faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Trustees have reviewed the major risks to which the Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy Trust, and its finances.

Some of the main risks currently facing the Academy Trust include: central government funding cuts; teacher pay increases not being adequately subsidised; rising pension contributions; increase to minimum wage.

Following a full and transparent procurement exercise Trustees have appointed a new Internal assurance team who provide a supplementary programme of work in support of the External Audit Team. The Internal Auditors provide assurance to the board in respect of the Academy Trusts' compliance with its financial systems and operational controls. This ensures that risks are quickly identified and managed. The Internal Auditors carry out termly visits to the Central Team and visit individual schools at least once during the academic year.

It should also be noted that procedures are in place to ensure compliance with safeguarding and health and safety of staff and pupils.

● **Income and expenditure**

Most of the Academy Trust's income is obtained from the Department for Education (DfE) via 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 DfE/ESFA during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

In addition, the schools within the Academy Trust receive Early Years funding from the Local Authority on numbers of pupils at each termly census. A similar grant is received in respect of funding for two-year old children again this is based on pupil numbers. Each school receives SEN funding as a notional amount within their GAG allocation, in addition to this additional funding is provided by the Local Authority for children where it has been assessed that their need require specialist support.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

The Academy Trust also receives grants for fixed assets from the DfE/ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year, £457k was received in respect of Devolved Capital Formula Grants and schools capital allowance.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the Academy Trust's objectives.

At 31 August 2020 the net book value of fixed assets was £13.5m. Movements in tangible fixed assets are shown in note 17 & 18 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy Trust.

The provisions of FRS 102 have been applied in full in respect of the LGPS. The movements in the year have resulted in a deficit of £8.8m which includes an actuarial loss of £5.5m in the current year.

The in year deficit was £6m, excluding movements on the restricted fixed asset funds and the pension reserve there was an in year surplus of £155k.

Fundraising

The Academy Trust does not use any external fundraisers. All fundraising activity operates at a local level. Most schools have a parent-led group independent of the Academy Trust which engages in fundraising activities on behalf of their respective school. Normally, Head Teachers liaise with the group to agree specific projects within their school to be funded by such activities.

In the current year the national lockdown meant less fundraising was carried out than normal.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

Plans for future periods

The Academy Trust is committed to improving educational outcomes, and life chances for its pupils. School improvement is at the heart of the Trust and is its priority for the next financial year. Post year end a new Chief Executive Officer has been appointed who will lead the Academy Trust and work with the Board to put in place the following actions:

- Development, and implementation of a new Academy Trust vision
- Development, and implementation of a school improvement strategy
- Continue to improve accountability by strengthening overall Academy Trust governance, developing systems and processes that are open, transparent, ethical and effective
- Improve existing communications with Local School Boards. This will enable Trustees to better understand local context and will strengthen the Board's knowledge of school impact on local communities.
- Consolidate and improve Academy Trust systems and processes ensuring that they are fully embedded delivering greater support for schools ensuring accountabilities at all levels is understood and practiced effectively.
- Ensuring that schools are given both academic, and financial targets that are challenging whilst remaining achievable. The targets to be set in line with Academy Trust priorities using appropriate key performance targets and success criteria.
- Provide a continual review of school infrastructure that ensures investment in capital improvements and projects are prioritised according to need.
- The newly appointed HR Manager, along with the Academy Trusts' Executive Team will work on policy development. The Board are committed to ensuring that the Academy Trust is compliant in all regulatory and statutory responsibilities.
- A fully costed, and affordable, program of Continuous Professional Development for both staff and volunteers will be implemented over the next financial year. This will enable, and empower, everyone working in the Academy Trust, to receive personalised support to build understanding and knowledge of their roles and responsibilities. This will deliver increased accountability at all levels through which leadership is enhanced, teaching and learning is improved and school improvement is delivered benefiting pupils, staff and communities.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

Impact of Covid-19 on future plans and risks

The government has committed to provide a one-off universal £650 million catch-up premium in the 2020-21 academic year to help ensure that schools have the support they need to help all pupils make up for lost teaching time. – (Galileo will receive £213k, £80 per pupil).

Although the funding is a much welcome help, identified below are areas for which as of yet no additional funding has been earmarked:

- a) Supply Staff/Agency Cover**
 - The biggest threat to budget is unprecedented agency costs due to teaching staff having to isolate
- b) Health & Safety Costs**
 - Maintaining enhanced cleaning regimes
 - Additional signage, floor tape, hygiene products, PPE, and preventative deep cleaning costs
- c) Lost Income from Lettings & other Activities**
 - Schools with high levels of self-generated income from lettings and out of school activities appear to be being penalised for taking the initiative to boost their core funding and meet the needs of their community. Some are facing huge losses in income, but this isn't being subsidised to date
- d) Specific measures for working differently**
 - Equipment to assist staff to work remotely and deliver online working
 - Additional IT kit for pupils
 - Financial support to improve IT Infrastructure to help facilitate the implementation of more advanced online teaching platforms especially in Primary schools
- e) Cancelled Educational Trips**
 - Certain companies are refusing to make refunds where travel and visits have been cancelled, and insurers do not cover all of the incurred costs
- f) Increased Psychological Support Costs**
 - Increased anxiety and the catastrophic effect COVID-19 has had on some families is increasing the need for increased counselling session, etc.

All of the above additional, unfunded costs are impacting into budget originally allocated for the provision of our children's education and wellbeing. The Academy Trust may have to use some of its reserves to cover these costs.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

Trustees' responsibilities statement

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

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

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

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

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

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

Disclosure of information to auditors

Following a fully transparent procurement process in 2018 involving the assessment of written tenders and subsequent interviews the Trustees proposed Waltons Clark Whitehill to the Members. They were duly appointed.

Insofar as the Trustees are aware:

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

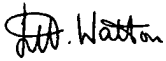
GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

Auditors

The auditors, Waltons Clark Whitehill Limited, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 15 December 2020 and signed on its behalf by:



Leslie Walton
(Chair of Trustees)

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

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

The Board of Trustees delegated the day-to-day responsibility to the Chief Financial Officer (on an interim basis and until the appointment of a substantive 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 Galileo Multi Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

GOVERNANCE

The information on governance included here supplements that described in the Trustees' report. The Board of Trustees has formally met 10 times during the year.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Anna Coulson, Chief Executive Officer (to 30 April 2020) and Accounting Officer (to 31 October 2019)	3	3
James Dale (resigned 22 October 2019)	1	2
Jamie Peacock MBE (resigned 23 October 2019)	0	2
Karl Pemberton (resigned 11 September 2019)	0	0
Mark Easby (resigned 22 October 2019)	1	2
Nik Tunley (Chair, resigned 1 November 2019)	3	3
Claire Graham-Brown	9	10
Andrew Smith (appointed 1 November 2019)	7	7
Charles Clinkard Resigned 30 October 2019)	3	3
Iain Spittal (resigned 19 September 2019)	0	0
Elizabeth Horne (appointed 18 December 2019, resigned 22 September 2020)	7	7
Leslie Walton, Chair of Trustees (appointed 1 February 2020)	6	6
Steven Hodsman (appointed 6 April 2020)	3	3
David Fletcher (appointed 6 April 2020)	3	3
Julie Deville (appointed 7 September 2020)	0	0
Darren Ditchburn (appointed 5 November 2020)	0	0
Andrew Thom (appointed 1 June 2020)	2	2

Following the resignation of all but two Trustees during the 2019-20 Academic Year, both Audit and Risk, and School Improvement has been managed at Trust level to allow the Chair time to establish a new board. Following the Reporting Period, new membership of the Audit & Risk, and the School Improvement Committee has now been established with termly meetings for each scheduled in the 2020-21 financial year.

The Audit and Risk committee will be a committee of the main Board of Trustees. And its purpose will be to

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

GOVERNANCE (CONTINUED)

assist the Academy Trust in carrying out its functions in relation to audit and risk. This can be summarised as follows:

- **Audit** - Monitor the integrity of the financial statements; review internal financial control and reviewing the academy's internal control and risk management systems; making recommendations in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the internal auditor; reviewing the auditor's independence and objectivity
- **Risk** – Identifying and reviewing ongoing risk and ensuring plans are in place to mitigate against identified risks.

Finance is currently being dealt with by whole Board for the time being. A Finance Committee is to be established in the 2020-21 financial year.

A review of governance has taken place in the year. With so many Trustees to be replaced the opportunity was taken to consider the skill set across the Board and appoint a broad range of individuals.

In addition a review of the outsourced governance and clerking service has been undertaken since the year end with a new provider appointed who will provide a more consistent approach to meetings between schools and at full Board level.

Review of value for money

As Interim Accounting Officer for the reporting period, the Chief Financial Officer (CFO) has assumed responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The interim Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The interim 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:

- Procuring and rolling out a Trust-wide high-speed internet solution
- Procuring and implementing a Trust-wide telephony service
- Streamlining the Central services function
- Encouraging a more collaborative approach when organising staff training events
- Sharing of office space/facilities amongst schools for meetings and events

The focus for the next year will be around considering (collectively with schools) the benefits they obtain from the services currently provided and planning for further benefits, including consideration of quality and cost of provision, and the additional capacity there might be internally for schools to provide support to one another in certain areas.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

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 Galileo Multi Academy Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- Comprehensive Academy Trust level review of financial performance against forecast, and of major purchase plans, capital works and expenditure programmes
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Identification and management of risks

During the period, the Board of Trustees received internal audit assurance from Anderson Barrowcliff LLP. During the period, the Trustees appointed a new Internal Audit Team, Armstrong Watson, who have been assisting the Trust since September 2020.

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

- testing of payroll systems
- testing of purchase systems
- testing of control accounts / bank reconciliations
- testing of compliance with the scheme of delegation and internal controls

Once established, the Academy Trust's internal auditor will be accountable to the Board's Risk and Audit sub-committee, reporting directly to the Board of Trustees when required to do so. Reports will be submitted to the Risk and Audit sub-committee at least termly and directly Board of Trustees at least annually. Currently the internal auditor is engaged on a program of work to ensure that any risk is highlighted to the Board of Trustees.

The auditor has not identified any material control issues during this, or the current, period. Nor has there been any requirement for any remedial actions to be taken.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

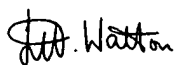
The interim Accounting Officer, has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

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

Approved by order of the members of the Board of Trustees on 15 December 2020
on their behalf by:

and signed



Leslie Walton
Chair of Trustees



Sarah Hindmarch
Interim Accounting Officer

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

In the absence of the CEO, I, as Chief Financial Officer have assumed the role of interim Accounting Officer and will sign this report on behalf of the Academy Trust.

There is no statement of regularity, propriety and compliance for the reporting period from the CEO and accounting officer for the period.

As interim Accounting Officer of Galileo Multi Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

The ESFA visited the Trust in late June 2019 to carry out a fact finding visit following allegations relating to financial management and governance received by them between March 2019 and May 2019. It is anticipated that the ESFA will publish a report under its financial management and governance review process in due course.

S Hindmarch

Sarah Hindmarch
Interim Accounting Officer
Date: 15th December 2020

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
GALILEO MULTI ACADEMY TRUST**

Unqualified opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
GALILEO MULTI ACADEMY TRUST (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
GALILEO MULTI ACADEMY TRUST (CONTINUED)**

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

H O'Driscoll (senior statutory auditor)

for and on behalf of

Waltons Clark Whitehill Limited

Chartered Accountants

Registered Auditors

Maritime House

Harbour Walk

The Marina

Hartlepool

TS24 0UX

16 December 2020



GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO GALILEO
MULTI ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 31 October 2018 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 Galileo Multi Academy Trust during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Galileo Multi Academy Trust's funding agreement with the Secretary of State for Education dated 12 September 2018 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO GALILEO
MULTI ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Approach

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

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

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

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


The work undertaken to draw to our conclusion includes a review of the design and implementation of the academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy and specific transactions identified from our review.

This work included:

- Review minutes of meetings of Trustees
- Review Internal Assurance reports
- Review payroll for evidence of authorisation and review any extra contractual payments
- Review a sample of purchases and expense claims
- Review of a sample of contracts entered into and procurement procedures
- Review a sample of credit card transactions
- Review lines of delegation and limits set
- Review register of interests
- Review related party transactions
- Review other income to ensure in line with funding agreement
- Review risk register and business continuity plans

Conclusion

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


Heather O'Driscoll FCA
Waltons Clark Whitehill Limited
Chartered Accountants
Registered Auditors
Maritime House
Harbour Walk
The Marina
Hartlepool
TS24 0UX

Date: 16 December 2020

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
INCOME FROM:						
Donations and capital grants	4	27,455	-	457,088	484,543	606,916
Charitable activities	5	-	14,713,385	-	14,713,385	13,879,408
Other trading activities	6	926,834	-	-	926,834	1,118,166
Investments	7	877	-	-	877	2,938
TOTAL INCOME		955,166	14,713,385	457,088	16,125,639	15,607,428
EXPENDITURE ON:						
Raising funds	9	122,469	-	-	122,469	196,542
Charitable activities	10	539,381	15,702,406	225,598	16,467,385	15,895,194
TOTAL EXPENDITURE		661,850	15,702,406	225,598	16,589,854	16,091,736
NET INCOME/(EXPENDITURE)		293,316	(989,021)	231,490	(464,215)	(484,308)
Transfers between funds	22	-	(84,643)	84,643	-	-
Actuarial losses on defined benefit pension schemes	29	-	(5,520,000)	-	(5,520,000)	(1,653,000)
NET MOVEMENT IN FUNDS		293,316	(6,593,664)	316,133	(5,984,215)	(2,137,308)
RECONCILIATION OF FUNDS:						
Total funds brought forward		313,802	(1,966,798)	14,257,479	12,604,483	14,741,791
Net movement in funds		293,316	(6,593,664)	316,133	(5,984,215)	(2,137,308)
TOTAL FUNDS CARRIED FORWARD		607,118	(8,560,462)	14,573,612	6,620,268	12,604,483

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

The notes on pages 35 to 67 form part of these financial statements.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 10700526

BALANCE SHEET
AS AT 31 AUGUST 2020

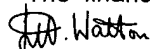
	Note	2020 £	2019 £
FIXED ASSETS			
Intangible assets	17	19,456	31,745
Tangible assets	18	13,491,626	13,495,742
		<u>13,511,082</u>	<u>13,527,487</u>
CURRENT ASSETS			
Stocks	19	-	6,000
Debtors	20	402,661	343,428
Cash at bank and in hand		2,496,045	2,036,697
		<u>2,898,706</u>	<u>2,386,125</u>
Creditors: amounts falling due within one year	21	(953,520)	(928,129)
NET CURRENT ASSETS		<u>1,945,186</u>	<u>1,457,996</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>15,456,268</u>	<u>14,985,483</u>
Defined benefit pension scheme liability	29	(8,836,000)	(2,381,000)
TOTAL NET ASSETS		<u><u>6,620,268</u></u>	<u><u>12,604,483</u></u>

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 10700526

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
FUNDS OF THE ACADEMY TRUST			
Restricted funds:			
Fixed asset funds	22	14,573,612	14,257,479
Restricted income funds	22	275,538	414,202
		<u>14,849,150</u>	<u>14,671,681</u>
Restricted funds excluding pension asset	22	14,849,150	14,671,681
Pension reserve	22	(8,836,000)	(2,381,000)
		<u>6,013,150</u>	<u>12,290,681</u>
Total restricted funds	22	6,013,150	12,290,681
Unrestricted income funds	22	607,118	313,802
		<u>6,620,268</u>	<u>12,604,483</u>
TOTAL FUNDS		6,620,268	12,604,483

The financial statements on pages 31 to 67 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:



15 December 2020

Leslie Walton
Chair of Trustees

The notes on pages 35 to 67 form part of these financial statements.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by/(used in) operating activities	24	186,989	(223,119)
CASH FLOWS FROM INVESTING ACTIVITIES	25	272,359	154,291
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		459,348	(68,828)
Cash and cash equivalents at the beginning of the year		2,036,697	2,105,525
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	26, 27	<u>2,496,045</u>	<u>2,036,697</u>

The notes on pages 35 to 67 form part of these financial statements

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES

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

1.1 Basis of preparation of financial statements

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

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

As explained in the Trustees' Report COVID-19 has meant increased costs and a reduction in fundraising income.

These unfunded costs are impacting into the budget originally allocated for the provision of our children's education and wellbeing. The Academy Trust may have to use some of its reserves to cover these costs. However the Academy Trust has reserves to do this if necessary.

Given the above the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Fund accounting

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

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

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

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

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (CONTINUED)

1.4 Income

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

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

1.5 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.

- **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.

All resources expended are inclusive of irrecoverable VAT.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (CONTINUED)

1.6 Taxation

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

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

1.7 Intangible assets

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

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

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

Computer software	- 4 years straight line
-------------------	-------------------------

1.8 Tangible fixed assets

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

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

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

Long-term leasehold property	- 125 years
Leasehold improvements	- 10 years
Plant and machinery	- 8 years
Computer equipment	- 4 years

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

1. ACCOUNTING POLICIES (CONTINUED)

1.9 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 20. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 21. 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.

1.10 Pensions

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

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

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

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

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

2. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, 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.

In December 2018 the Court of Appeal ruled in the McCloud/Sargeant judgment that the transitional protection arrangements put in place when the Firefighters and Judges pension schemes were reformed were age discriminatory. The government applied to the Supreme Court for permission to appeal this judgment, however the Supreme Court rejected the Government's request on 27 June 2019. The next stage is for the case to be referred to the Employment Tribunal to agree the remedy, following appropriate consultation. In a Ministerial Statement dated 15 July 2019 Government committed to extending a remedy across all public sector schemes which included similar transitional protection arrangements, which includes the LGPS.

An approximate calculation was conducted by the actuary in the previous year and included in the pension deficit at that stage. This has been updated in the current year using data from the 2019 valuation. The true final cost will depend on the age and salary profile of Academy Trust employees as well as the exact form of compensation agreed.

On 26 October 2018 the High Court ruled that equalisation for the effect of unequal Guaranteed Minimum Pensions (GMPs) is required. The ruling confirmed that trustees have a duty "to equalise benefits for men and women so as to alter the result which is at present produced in relation to GMPs". An allowance has been made for full indexation on all GMPs for members whose state pension age is on or after 6 April 2016. This is a change to the approach taken last year.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

3. COMPANY STATUS

The academy is a company limited by guarantee and registered in England and Wales. In the event of the academy being wound up the liability is limited to £1 per member of the academy.

The registered office address is:
Room 205
Innovation Centre
Vienna Court
Kirkleatham Business Park
Redcar
TS10 5SH

4. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	27,455	-	27,455	100,551
Grants	-	457,088	457,088	506,365
	<u>27,455</u>	<u>457,088</u>	<u>484,543</u>	<u>606,916</u>
<i>Total 2019</i>	<u>100,551</u>	<u>506,365</u>	<u>606,916</u>	

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DFE/ESFA grants			
General annual grant	10,371,989	10,371,989	10,172,132
Rates reclaim	62,340	62,340	40,849
English hub	178,053	178,053	261,044
Pupil premium	1,023,097	1,023,097	1,015,133
Universal infant free school meals	375,007	375,007	373,344
Teacher pay grant	148,254	148,254	95,917
Teacher pension grant	431,952	431,952	-
Sponsor capacity grant	-	-	7,154
PE and sports grant	182,900	182,900	182,790
	12,773,592	12,773,592	12,148,363
Other government grants			
Special educational needs	520,694	520,694	462,125
Early years	1,129,988	1,129,988	1,177,447
Other government revenue grants	119,298	119,298	67,536
Pupil premium local authority	31,078	31,078	23,937
	1,801,058	1,801,058	1,731,045
Exceptional government funding			
Coronavirus exceptional support	28,895	28,895	-
Coronavirus job retention scheme grant	109,840	109,840	-
	138,735	138,735	-
	14,713,385	14,713,385	13,879,408
<i>Total 2019</i>	13,879,408	13,879,408	

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS (CONTINUED)

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 of £28,895 covers:

- increased premises related costs (keeping schools open over school holiday periods, for vulnerable children and children of critical workers)
- support for free school meal (FSM) children who were not attending school, prior to the rollout of the national voucher scheme
- disposable catering packaging
- additional cleaning, over and above existing cleaning arrangements
- additional PPE

These costs are included in note 10.

The Academy Trust furloughed some of its catering staff under the government's CJRS. The funding received of £109,840 relates to staff costs in respect of 41 staff which are included within note 10.

6. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Catering	518,813	-	518,813	523,502
Breakfast club	29,038	-	29,038	47,569
Other income self generated	134,148	-	134,148	125,769
Lettings income	18,237	-	18,237	27,598
Uniforms	2,282	-	2,282	2,096
Trip income	54,561	-	54,561	142,011
Staff services consultancy	12,379	-	12,379	36,075
Sales of other goods and services	1,630	-	1,630	11,942
Staff absence insurance	82,002	-	82,002	95,279
After school club	59,161	-	59,161	85,963
Paid nursery places	14,583	-	14,583	20,362
	<u>926,834</u>	<u>-</u>	<u>926,834</u>	<u>1,118,166</u>
<i>Total 2019</i>	<u>1,070,780</u>	<u>47,386</u>	<u>1,118,166</u>	

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

7. INVESTMENT INCOME

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Investment income	877	877	2,938
<i>Total 2019</i>	2,938	2,938	

8. EXPENDITURE

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
Expenditure on raising funds					
Direct costs	-	-	122,469	122,469	196,542
Educational operations					
Direct costs	8,764,422	-	475,645	9,240,067	8,848,826
Allocated support costs	4,904,655	606,111	1,716,552	7,227,318	7,046,368
	<u>13,669,077</u>	<u>606,111</u>	<u>2,314,666</u>	<u>16,589,854</u>	<u>16,091,736</u>
<i>Total 2019</i>	<u>12,862,045</u>	<u>734,021</u>	<u>2,495,670</u>	<u>16,091,736</u>	

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

9. EXPENDITURE ON RAISING FUNDS

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Uniforms	3,798	3,798	7,076
Trips	118,671	118,671	189,466
	<u>122,469</u>	<u>122,469</u>	<u>196,542</u>
<i>Total 2019</i>	<u>196,542</u>	<u>196,542</u>	

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Educational activities	<u>9,240,067</u>	<u>7,227,318</u>	<u>16,467,385</u>	<u>15,895,194</u>
<i>Total 2019</i>	<u>8,848,826</u>	<u>7,046,368</u>	<u>15,895,194</u>	

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of direct costs

	Total funds 2020 £	<i>Total funds 2019 £</i>
Staff costs	8,764,422	8,302,982
Staff expenses	14,064	16,017
Educational supplies	42,393	45,419
Technology costs	12,720	87,274
Educational consultancy	357,189	316,195
Other costs	49,279	80,939
	<u>9,240,067</u>	<u>8,848,826</u>

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs

	Total funds 2020 £	<i>Total funds 2019 £</i>
Staff costs	4,904,655	4,559,063
Depreciation	189,722	136,247
Other staff costs	32,651	43,388
Amortisation	12,289	12,289
Legal & professional fees	193,926	89,959
Technology costs	193,320	113,422
Other costs	385,714	529,404
Maintenance of premises	160,392	220,301
Other premises costs	138,499	156,471
Cleaning and caretaking	62,281	79,021
Governance costs	24,730	17,620
Rates	53,555	57,758
Energy	176,133	185,937
Security	14,283	12,481
Transport	16,053	17,953
Catering	612,942	802,002
Pension interest charge	40,000	(9,000)
Rent	16,173	22,052
	<u>7,227,318</u>	<u>7,046,368</u>

11. GOVERNANCE COSTS

	2020 £	<i>2019 £</i>
Auditors remuneration	13,850	12,250
Auditors non audit costs	2,330	2,070
Internal audit costs	8,550	3,300
	<u>24,730</u>	<u>17,620</u>

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

12. NET INCOME/(EXPENDITURE)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Operating lease rentals	22,520	22,052
Depreciation of tangible fixed assets	189,775	136,247
Amortisation of intangible assets	12,289	12,289
Internal audit costs	8,550	3,300
Fees paid to auditors for:		
- audit	13,850	12,250
- other services	2,330	2,070
	<u>13,850</u>	<u>12,250</u>

13. STAFF

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	9,792,901	9,661,476
Social security costs	834,109	823,167
Pension costs	2,901,479	2,289,991
	<u>13,528,489</u>	<u>12,774,634</u>
Agency staff costs	94,400	72,222
Staff restructuring costs	46,188	15,189
	<u>13,669,077</u>	<u>12,862,045</u>

Staff restructuring costs comprise:

	2020 £	2019 £
Severance payments	46,188	15,189
	<u>46,188</u>	<u>15,189</u>

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

13. STAFF (CONTINUED)

b. Non statutory/non contractual staff severance payments

During the year one (2019: one) non contractual severance payments was made totaling £12,830 (2019: £15,189).

c. Staff numbers

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

	2020	2019
	No.	No.
Teaching staff	150	163
Admin and support	340	424
Management	21	27
	<hr/> 511 <hr/>	<hr/> 614 <hr/>

d. Higher paid staff

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

	2020	2019
	No.	No.
In the band £60,001 - £70,000	9	8
In the band £70,001 - £80,000	3	2
In the band £80,001 - £90,000	-	1
	<hr/> <hr/>	<hr/> <hr/>

e. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £255,120 (2019 £329,014).

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

14. CENTRAL SERVICES

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

- Finance and admin support
- Attendance officer
- Director of school improvement
- Safeguarding
- Human Resources

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

The services are paid for by each school in the Academy Trust based on a recharge of 6.5% GAG income

The actual amounts charged during the year were as follows:

	2020 £	2019 £
Coatham Church of England Primary School	59,783	59,742
Green Gates Primary School	64,682	62,674
Galley Hill Primary School	62,304	59,373
Ings Farm Primary School	110,625	107,775
J E Batty Primary School	56,124	54,232
Lakes Primary School	82,548	79,557
New Marske Primary School	69,727	68,862
St Peters Church of England Primary School	87,066	88,197
Westgarth Primary School	80,573	80,882
Wheatlands Primary School	100,304	97,328
TOTAL	773,736	758,622

15. TRUSTEES' REMUNERATION AND EXPENSES

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

		2020 £	2019 £
Anna Coulson	Remuneration	55,000 - 60,000	80,000 - 85,000
	Pension contributions paid	10,000 - 15,000	10,000 - 15,000

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

15. TRUSTEES' REMUNERATION AND EXPENSES (CONTINUED)

During the year ended 31 August 2020, expenses totalling £590 were reimbursed or paid directly to 3 Trustees (2019: £983 to 3 Trustees).

16. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The academy joined the Zurich Municipal 'Select for Academies Scheme' in 1st April 2018 and this provided cover up to £5,000,000. This arrangement remained in place throughout the reporting period. Following the reporting period, and following a thorough review of Insurance options, on the recommendation of the Executive Team, Trustees opted to join the ESFA's RPA scheme from 1st September 2020 and this provides Trustee Indemnity cover up to £10,000,000.

17. INTANGIBLE ASSETS

	Computer software £
Cost	
At 1 September 2019	49,154
At 31 August 2020	<u>49,154</u>
Amortisation	
At 1 September 2019	17,409
Charge for the year	12,289
At 31 August 2020	<u>29,698</u>
Net book value	
At 31 August 2020	<u>19,456</u>
At 31 August 2019	<u>31,745</u>

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

18. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Leasehold improvements £	Plant and machinery £	Computer equipment £	Total £
Cost					
At 1 September 2019	13,222,370	163,463	150,404	143,472	13,679,709
Additions	-	75,426	39,217	70,963	185,606
Transfers between classes	-	8,025	(8,025)	-	-
At 31 August 2020	13,222,370	246,914	181,596	214,435	13,865,315
Depreciation					
At 1 September 2019	149,854	8,111	14,268	11,734	183,967
Charge for the year	105,779	18,369	19,091	46,483	189,722
At 31 August 2020	255,633	26,480	33,359	58,217	373,689
Net book value					
At 31 August 2020	12,966,737	220,434	148,237	156,218	13,491,626
At 31 August 2019	13,072,516	155,352	136,136	131,738	13,495,742

The Academy Trust occupies land and buildings which were used by the predecessor local authority schools prior to conversion. These properties were gifted to the Academy Trust on conversion on a 125 year lease by Redcar and Cleveland Borough Council. The council continues to own the freehold and the Academy Trust has the right to occupy the properties for a peppercorn rent. The properties are shown above in long term leasehold property and are written off over the life of the lease.

The Academy Trust also occupies school buildings which are owned by site trustees which have links with the Diocese of York. The site trustees are the providers of the land and buildings on the same basis as when the academy was a maintained school. The Academy Trust occupies the land and buildings under a mere licence. This continuing permission of the site trustees is pursuant to, and subject to, the relevant trust's charitable objects. The licence delegates aspects of the management of the land and buildings to the Academy Trust for the time being, but does not vest any rights over the land in the Academy Trust. The site trustees have given an undertaking to the Secretary of State that they will not give the Academy Trust less than two years written notice to terminate the occupation of the land and buildings. Having considered the facts under which the Academy Trust is occupying the land and buildings the Trustees have concluded that the value of the land and buildings occupied by the Academy Trust will not be recognised on the balance sheet of the academy.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

19. STOCKS

	2020 £	2019 £
School supplies	-	6,000

20. DEBTORS

	2020 £	2019 £
Trade debtors	5,348	2,236
Other debtors	33,999	15,839
Prepayments and accrued income	363,314	325,353
	402,661	343,428

21. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	202,566	105,844
Other taxation and social security	184,649	196,147
Other creditors	223,158	195,750
Accruals and deferred income	343,147	430,388
	953,520	928,129

At the balance sheet date the Academy Trust was holding funds in advance in relation to grant income intended for the following academic year.

	2020 £	2019 £
Deferred income		
Deferred income at 1 September 2019	199,761	209,291
Resources deferred during the year	198,993	199,761
Amounts released from previous periods	(199,761)	(209,291)
	198,993	199,761

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

22. STATEMENT OF FUNDS

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
Unrestricted funds	313,802	955,166	(661,850)	-	-	607,118
Restricted general funds						
General annual grant (GAG)	227,748	10,371,992	(10,354,271)	(84,643)	-	160,826
Rates reclaim	-	62,339	(62,339)	-	-	-
Pupil Premium	-	1,054,175	(1,053,120)	-	-	1,055
Universal infant free school meals	-	375,007	(360,055)	-	-	14,952
Early years	-	1,129,988	(1,129,988)	-	-	-
PE & sport grant	-	182,900	(164,741)	-	-	18,159
Higher educational needs	-	520,692	(514,692)	-	-	6,000
Teacher pay grant	-	148,253	(148,253)	-	-	-
English hub	186,454	178,053	(300,185)	-	-	64,322
Other revenue grants	-	119,299	(109,075)	-	-	10,224
Teacher pension grant	-	431,952	(431,952)	-	-	-
Covid exceptional support	-	28,895	(28,895)	-	-	-
Coronavirus job retention scheme	-	109,840	(109,840)	-	-	-
Pension reserve	(2,381,000)	-	(935,000)	-	(5,520,000)	(8,836,000)
	<u>(1,966,798)</u>	<u>14,713,385</u>	<u>(15,702,406)</u>	<u>(84,643)</u>	<u>(5,520,000)</u>	<u>(8,560,462)</u>

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

22. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Restricted fixed asset funds						
Capital transferred on conversion	13,160,317	-	(119,405)	-	-	13,040,912
Other capital grants	929,135	457,088	(71,225)	-	-	1,314,998
Capital expenditure from GAG	168,027	-	(34,968)	84,643	-	217,702
	<u>14,257,479</u>	<u>457,088</u>	<u>(225,598)</u>	<u>84,643</u>	<u>-</u>	<u>14,573,612</u>
Total restricted funds	<u>12,290,681</u>	<u>15,170,473</u>	<u>(15,928,004)</u>	<u>-</u>	<u>(5,520,000)</u>	<u>6,013,150</u>
Total funds	<u>12,604,483</u>	<u>16,125,639</u>	<u>(16,589,854)</u>	<u>-</u>	<u>(5,520,000)</u>	<u>6,620,268</u>

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

General annual grant - this is the money provided to the academy for normal school running costs.

The pupil premium is paid based upon the number of pupils with service parents or who are entitled to free school meals. This funding has paid for support assistants within classrooms.

The funding for higher educational needs and early years has been used to pay for classroom assistants.

The universal infant free school meals funding was to allow the provision of free school meals to all pupils in reception, year 1 and year 2.

The rates reclaim is used to pay rates.

The PE and sport grant has been used on trips and activities and the salaries of support assistants involved in these activities.

The teacher pay and teacher pension grants have been used to help fund the increases in teacher wages and pension contributions.

The English Hub grant is to support Westgarth Primary School to be an English Hub school, providing support to 85 schools.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

22. STATEMENT OF FUNDS (CONTINUED)

The Covid exceptional funding was used towards extra costs incurred as a result of the national lockdown and requirements placed on the schools at that time. The Coronavirus Job Retention Scheme funding was for the salaries of catering staff placed on furlough.

The capital transferred on conversion represents the land and buildings and other assets and liabilities transferred to the school at nil consideration from Redcar and Cleveland Borough Council upon conversion to an Academy. This fund is being depreciated in line with the assets represented.

Other capital grants are government funds received for the purchase of capital equipment and expenditure on repairs projects. The amount carried forward represents assets purchased in the year at their net book value and funding yet to be spent

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

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £	2019 £
Coatham Church of England Primary School	37,844	24,991
Ings Farm Primary School	112,770	59,636
John Emmerson Batty Primary School	60,680	23,527
Lakes Primary School	142,289	152,755
Galley Hill Primary School	53,649	14,822
Green Gates Primary School	306,618	214,407
New Marske Primary School	84,899	66,005
St Peters Church of England Primary School	82,531	124,500
Westgarth Primary School	136,483	206,039
Wheatlands Primary School	53,477	8,754
Galileo Trust	(106,566)	(128,858)
Central catering	(82,018)	(38,574)
Total before fixed asset funds and pension reserve	882,656	728,004
Restricted fixed asset fund	14,573,612	14,257,479
Pension reserve	(8,836,000)	(2,381,000)
TOTAL	6,620,268	12,604,483

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

22. STATEMENT OF FUNDS (CONTINUED)

Included in the balance above for Westgarth Primary School is £64,322 English Hub funding which is held as a restricted fund.

The following are carrying a net deficit on their portion of the funds as follows:

	Deficit £
Galileo Trust	(106,566)
Central catering	(82,018)
	<u><u> </u></u>

The Academy Trust is taking the following action to return the academies to surplus:

The Catering Service deficit is being managed by way of frequent meetings between the Academy Trust's CFO and the Catering Manager whereby in-depth variance analysis takes place to help better understand cost-drivers, etc. The discussions include establishing ways by which Head Teachers and the Catering Team can encourage a higher up-take of school meals. Work is also being undertaken whereby payment methods and frequency of payments are being assessed. This has been a standing agenda item for Trustee meetings in the new year and they are currently reviewing arrangements.

The Central Team are looking to address the deficit budget by reviewing the Academy Trust's offer to its schools in 2020-21 to ensure that the Academy Trust has the highest impact for all its schools and young people. Careful budget monitoring and Trustee scrutiny of Central Team expenditure will also help ensure that the Academy Trust manages its resources as efficiently as possible.

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

22. STATEMENT OF FUNDS (CONTINUED)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2020 £	Total 2019 £
Coatham Church of England Primary School	648,775	254,512	671	153,606	1,057,564	1,079,226
Ings Farm Primary School	1,299,588	316,776	1,195	273,295	1,890,854	1,969,492
John Emmerson Batty Primary School	554,812	277,838	1,180	131,898	965,728	976,604
Lakes Primary School	1,098,484	284,159	2,275	242,858	1,627,776	1,512,805
Galley Hill Primary School	603,333	231,456	1,794	170,033	1,006,616	1,129,468
Green Gates Primary School	658,139	247,717	6,871	214,204	1,126,931	1,099,275
New Marske Primary School	709,969	304,117	9,043	198,731	1,221,860	1,250,015
St Peters Church of England Primary School	1,270,205	417,486	3,126	225,931	1,916,748	1,873,354
Westgarth Primary School	860,988	436,806	11,904	362,744	1,672,442	1,407,575
Wheatlands Primary School	1,060,129	367,185	4,334	228,942	1,660,590	1,674,880
Galileo Trust	-	1,362,618	-	339,973	1,702,591	1,615,599
Central catering	-	403,985	-	146,447	550,432	367,196
Total	8,764,422	4,904,655	42,393	2,688,662	16,400,132	15,955,489

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

22. STATEMENT OF FUNDS (CONTINUED)

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

	<i>Balance at 30 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
Unrestricted funds						
Unrestricted funds	792,573	1,174,269	(1,653,040)	-	-	313,802
Restricted general funds						
General annual grant (GAG)	198,623	10,172,131	(9,981,166)	(161,840)	-	227,748
Rates reclaim	-	40,849	(40,849)	-	-	-
Pupil Premium	-	1,039,071	(1,039,071)	-	-	-
Universal infant free school meals	-	373,344	(373,344)	-	-	-
Early years	-	1,177,447	(1,177,447)	-	-	-
PE & sport grant	-	182,790	(182,790)	-	-	-
Higher educational needs	-	462,125	(462,125)	-	-	-
Teacher pay grant	-	95,917	(95,917)	-	-	-
Other ESFA grants	-	6,446	(6,446)	-	-	-
English hub	-	261,044	(74,590)	-	-	186,454
Other revenue grants	5,752	68,244	(73,996)	-	-	-
Pension reserve	-	-	(728,000)	-	(1,653,000)	(2,381,000)
	<u>204,375</u>	<u>13,879,408</u>	<u>(14,235,741)</u>	<u>(161,840)</u>	<u>(1,653,000)</u>	<u>(1,966,798)</u>

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

22. STATEMENT OF FUNDS (CONTINUED)

	Balance at 30 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Restricted fixed asset funds						
Capital transferred on conversion	13,294,837	-	(129,003)	(5,517)	-	13,160,317
Other capital grants	433,713	553,751	(63,846)	5,517	-	929,135
Capital expenditure from GAG	16,293	-	(10,106)	161,840	-	168,027
	<u>13,744,843</u>	<u>553,751</u>	<u>(202,955)</u>	<u>161,840</u>	<u>-</u>	<u>14,257,479</u>
Total restricted funds	<u>13,949,218</u>	<u>14,433,159</u>	<u>(14,438,696)</u>	<u>-</u>	<u>(1,653,000)</u>	<u>12,290,681</u>
Total funds	<u>14,741,791</u>	<u>15,607,428</u>	<u>(16,091,736)</u>	<u>-</u>	<u>(1,653,000)</u>	<u>12,604,483</u>

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Analysis of net assets between funds - current year

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	13,491,626	13,491,626
Intangible fixed assets	-	-	19,456	19,456
Current assets	1,361,645	474,531	1,062,530	2,898,706
Creditors due within one year	(754,527)	(198,993)	-	(953,520)
Provisions for liabilities and charges	-	(8,836,000)	-	(8,836,000)
Total	<u>607,118</u>	<u>(8,560,462)</u>	<u>14,573,612</u>	<u>6,620,268</u>

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

23. ANALYSIS OF NET ASSETS BETWEEN FUNDS (CONTINUED)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Restricted fixed asset funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	-	-	13,495,742	13,495,742
Intangible fixed assets	-	-	31,745	31,745
Current assets	1,042,170	613,963	729,992	2,386,125
Creditors due within one year	(728,368)	(199,761)	-	(928,129)
Provisions for liabilities and charges	-	(2,381,000)	-	(2,381,000)
Total	313,802	(1,966,798)	14,257,479	12,604,483

24. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net expenditure for the period (as per statement of financial activities)	(464,215)	(484,308)
Adjustments for:		
Depreciation & amortisation charges	202,011	148,536
Capital grants from DfE and other capital income	(457,088)	(506,365)
Interest receivable	(877)	(2,938)
Defined benefit pension scheme cost less contributions payable	935,000	728,000
Decrease in stocks	6,000	11,899
Increase in debtors	(59,233)	(80,455)
Increase/(decrease) in creditors	25,391	(37,488)
Net cash (used in)/ provided by operating activities	186,989	(223,119)

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

25. CASH FLOWS FROM INVESTING ACTIVITIES

	2020 £	2019 £
Interest receivable	877	2,938
Purchase of tangible fixed assets	(185,606)	(355,012)
Capital grants from DfE Group	457,088	506,365
Net cash provided by investing activities	272,359	154,291

26. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash in hand	2,496,045	2,036,697
Total cash and cash equivalents	2,496,045	2,036,697

27. ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	2,036,697	459,348	2,496,045
	2,036,697	459,348	2,496,045

28. CAPITAL COMMITMENTS

	2020 £	2019 £
CONTRACTED FOR BUT NOT PROVIDED IN THESE FINANCIAL STATEMENTS		
Contracted for but not provided in these financial statements	565,924	-

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

29. PENSION COMMITMENTS

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

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

Contributions amounting to £220,843 were payable to the schemes at 31 August 2020 (2019 - £192,398) and are included within creditors.

Teacher's pension scheme

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

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

Valuation of the teacher's pension scheme

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

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

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

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

29. PENSION COMMITMENTS (CONTINUED)

The employer's pension costs paid to TPS in the year amounted to £1,057,489 (2019 - £968,552).

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

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

Local government pension scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £841,000 (2019 - £792,000), of which employer's contributions totalled £630,000 (2019 - £589,000) and employees' contributions totalled £ 211,000 (2019 - £203,000). The agreed contribution rates for future years are 17.2% per cent for employers and 5.5-12.5% per cent for employees.

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

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

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	3.3	3.1
Rate of increase for pensions in payment / inflation	2.3	2.1
Discount rate for scheme liabilities	1.7	1.9
Inflation assumption (CPI)	2.3	2.1

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

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

29. PENSION COMMITMENTS (CONTINUED)

	2020 Years	2019 Years
<i>Retiring today</i>		
Males	21.8	21.9
Females	23.5	23.6
<i>Retiring in 20 years</i>		
Males	23.2	23.8
Females	25.3	25.7

Sensitivity analysis

	2020 £000	2019 £000
Discount rate +0.1%	(472)	(83)
Discount rate -0.1%	491	83
Mortality assumption + 1 year increase	(680)	(350)
Mortality assumption - 1 year decrease	698	350
CPI rate +0.1%	415	6
CPI rate -0.1%	(396)	(6)
Salaries + 0.1%	76	90
Salaries -0.1%	(76)	(142)

Share of scheme assets

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

	2020 £	2019 £
Equities	7,630,400	6,345,784
Property	803,200	697,704
Cash and other liquid assets	1,164,640	1,054,862
Other	441,760	207,650
Total market value of assets	10,040,000	8,306,000

The actual return on scheme assets was £947,000 (2019 - £293,000).

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

29. PENSION COMMITMENTS (CONTINUED)

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

	2020 £	2019 £
Current service cost	(1,525,000)	(1,077,000)
Past service cost	-	(249,000)
Interest income	-	8,000
Interest cost	(40,000)	-
Total amount recognised in the statement of financial activity	(1,565,000)	(1,318,000)

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

	2020 £	2019 £
At 1 September	10,687,000	7,221,000
Current service cost	1,525,000	1,077,000
Interest cost	205,000	205,000
Employee contributions	211,000	203,000
Actuarial gains	6,302,000	1,765,000
Benefits paid	(54,000)	(33,000)
Past service costs	-	249,000
At 31 August	18,876,000	10,687,000

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

	2020 £	2019 £
At 1 September	8,306,000	7,221,000
Interest income	165,000	214,000
Actuarial gain	782,000	112,000
Employer contributions	630,000	589,000
Employee contributions	211,000	203,000
Benefits paid	(54,000)	(33,000)
At 31 August	10,040,000	8,306,000

GALILEO MULTI ACADEMY TRUST
(A company limited by guarantee)

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

30. OPERATING LEASE COMMITMENTS

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

	2020	2019
	£	£
Not later than 1 year	22,550	22,550
Later than 1 year and not later than 5 years	27,234	67,445
	49,784	89,995

GALILEO MULTI ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

31. RELATED PARTY TRANSACTIONS

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

As an Academy Trust that includes Church of England schools in the Diocese of York, the Diocese of York Educational Trust is included as one of the Academy Trust Members. The York Diocesan Board of Education (YDBE) is also entitled to appoint a limited number of Trustees (please see above). The York Diocesan Board of Finance Limited (company number 00225234) provides services to Church of England schools in the Academy Trust, being in relation to essential functions fundamental to the religious character and ethos of those schools, under the YDBE Service Level Agreement (SLA).

Expenditure

The Academy Trust purchased services totalling £8,550 (2019: £3,300) from Anderson Barrowcliff LLP during the year, a partnership in which one of the former directors has an interest.

The Academy Trust purchased services totalling £13 (2019: £1,203) from The Endeavour Partnership LLP during the period, a partnership in which one of the former directors has an interest.

The Academy Trust purchased services totalling £nil (2019: £628) from Kirkleatham Hall School during the period, an organisation in which one of the former directors is a governor.

The Academy Trust purchased services totalling £nil (2019: £33,364) from Nunthorpe Multi Academy Trust during the period, an organisation in which the spouse of one of the former directors is a director.

The Academy Trust purchased services totalling £nil (2019: £271) from Elevate Multi Academy Trust during the year, an organisation in which one of the former directors is a director.

The Academy Trust purchased services totalling £nil (2019: £84) from South York Multi Academy Trust during the period, an organisation in which one of the directors was a director.

The Academy Trust purchased services totalling £nil (2019: £1,305) from DBS Services Limited during the year, an organisation in which York Diocesan holds shares.

The Academy Trust purchased services totalling £1,050 (2019: £1,850) from The York Diocesan Board of Finance Limited.