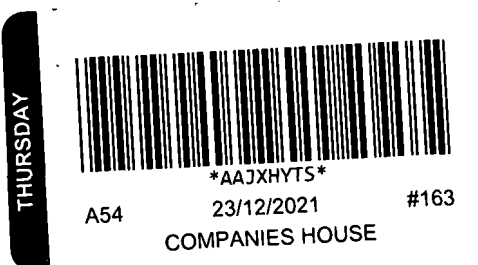


Red Kite Learning Trust
(A company limited by guarantee)

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

**for the year ended
31 August 2021**

Company Registration No. 07523507



Red Kite Learning Trust
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Red Kite Learning Trust
REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mrs S Dodson (Chair)
Mr A Thornley
Mr P Hall-Jones
Mr B Stott (resigned 21 October 2020)
Professor A Deignan
Mr J McHugh (appointed 21st October 2020)

Trustees

Mr J McHugh (Chair resigned 1 October 2020)
Mr C Tulley (Chair from 1 October 2020)
Mrs J Sorrell (resigned 15 July 2021)
Mrs T Brooke
Dr T Stowell
Mr K Paynes
Mrs M Moyles (resigned 15 July 2021)
Mr B Wood
Mr B Cole (resigned 8 September 2020)
Mr J Topping (appointed 3 October 2020)
Ms L Devenny (appointed 15 July 2021)
Mrs R Atwal (appointed 15 July 2021)

Executive Group

Chief Executive Officer
Headteacher Harrogate Grammar School
Headteacher Oatlands Junior School
Headteacher Western Primary School
Headteacher Rossett Acre Primary School
Headteacher Crawshaw Academy
Headteacher Coppice Valley Primary School
Headteacher Austhorpe Primary School
Headteacher Colton Primary School
Headteacher Meadowfield Primary School
Headteacher Templenewsam Halton Primary School

Mr R Sheriff
Mr N Renton
Mrs E Scarth
Mr T Broad (appointed 22 March 2021)
Mrs C Penhale
Mr A Daly
Mrs E Meadus
Miss A Lightfoot
Mrs C Johnson
Mrs H Stout

Mrs L Seton

Co-Principal Temple Learning Academy
Co-Principal Temple Learning Academy
Executive Principal Temple Moor High School
Executive Headteacher Whitkirk Primary School

Mr S Huddleston (appointed 19 April 2021)
Mr R Hadfield (resigned 1 April 2021)
Mr M West
Mrs H Stout

Chief Financial Officer
Director of Human Resources
Director of Operations
Director of School Improvement

Mr S Howell
Mrs J Wellacott
Mr D Noble (resigned 31 October 2021)
Ms A Thornton-Jones

Audit and Risk Committee

Ms L Devenny
Mrs J Sorrell (resigned 15 July 2021)
Mr J Topping

Company Secretary

Mr S Howell

Red Kite Learning Trust
REFERENCE AND ADMINISTRATIVE DETAILS (continued)

Principal and Registered Office	Arthurs Avenue Harrogate HG2 0DZ
Company Registration Number	07523507 (England and Wales)
Independent Auditor	Murray Harcourt Limited 6 Queen Street Leeds LS1 2TW
Bankers	Lloyds TSB 8-11 Cambridge Crescent Harrogate HG1 1PQ
Solicitors	Stone King LLP 1 Park Row Leeds LS1 5HN

Red Kite Learning Trust

TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's report of Red Kite Learning Trust ("the Trust") for the period from 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

Red Kite Learning Trust comprises the following schools:

SCHOOL	DATE OF JOINING	AGE RANGE	PUPIL NUMBERS (OCT 2020)	CURRENT OFSTED GRADE	DATE OF LAST INSPECTION
Austhorpe Primary	Sep 2018	4-11	209	Good	26.01.2016
Colton Primary	Nov 2018	3-11	244	Outstanding	26.09.2012
Coppice Valley Primary	Aug 2017	4-11	199	Good	19.10.2021
Crawshaw Academy	Mar 2017	11-19	1,073	Good	03.07.2019
Harrogate Grammar	Mar 2011	11-19	2,032	Outstanding	10.10.2007
Meadowfield Primary	Nov 2018	3-11	469	Good	16.11.2017
Oatlands Junior	Aug 2015	8-11	322	Good	24.04.2018
Rossett Acre Primary	Nov 2016	4-11	394	Good	11.06.2019
Templenewsam Halton Primary	Nov 2018	3-11	469	Good	02.03.2017
Temple Moor High School	Nov 2018	11-19	1,298	Good	30.03.2017
Temple Learning Academy	Sep 2018	4-16	936	Good	24.04.2018
Western Primary	Aug 2015	2-11	468	Outstanding	05.06.2018
Whitkirk Primary	Nov 2018	4-11	376	Requires Improvement	03.05.2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The 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 Trust.

The Trustees of Red Kite Learning Trust are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Red Kite Learning Trust.

Details of the Trustees who served throughout the year except as noted 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

Details of Trustees' indemnities during the period are provided in note 10 to the financial statements. The Trust has opted into the Department for Education's Risk Protection Arrangement (RPA). Under this arrangement, the Trustees are indemnified up to a liability of £10m.

Principal activities

The principal object and activity of the charitable company is the operation of Red Kite Learning Trust to advance, for the public benefit, education for students of different abilities between the ages of 2 and 19.

Red Kite Learning Trust

TRUSTEES' REPORT (continued)

Method of recruitment and appointment or election of trustees

The Trust, on identifying a need to recruit an additional or replacement Trustee, identifies key skill areas that the Trust believes are important to have on the Board to ensure effective governance. Trustees will then consider offers of service received from within and beyond the school community and the Trust may choose to advertise locally through the school websites and other media channels. Selection will be by interview with the Chair and Chief Executive Officer before the candidate is presented to the Trust for their consideration and a vote on whether to accept them as a Trustee. Before confirming selection, all Trustees will be required to undertake an Enhanced Disclosure via the DBS (Disclosure Barring Service).

Policies and procedures adopted for the induction and training of trustees

Trustees are offered induction training on joining the Trust from the school informed by the National Governance Association. Governors will be encouraged to access training as and when necessary and a record duly kept of such training being accessed. The costs of such training will be reimbursed by the Trust.

Organisational structure

The members of the Trust have a wholly strategic view of the Trust, setting out the vision and values and ensuring they are delivered.

The Trustees ensure the Trust delivers on its aims and provide support and challenge to the central Trust team as well as holding individual schools to account when required. They have a key oversight role as well as being involved in the management and delivery of shared services. They are responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust using budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments.

Each academy in the Trust has a Local Governing Body (LGB). The LGBs are focussed on the interests of the individual academy and include parental and staff representatives.

The Executive Group consists of the Chief Executive Officer, Chief Financial Officer, Director of Human Resources, Director of Operations, the School Improvement Directors and Headteachers from the academies operated by the Trust. The Chief Executive Officer is the Multi-Academy Trust's Accounting Officer. These managers control the Trust at an executive level implementing the policies laid down by the Trustees and reporting back to them. The Executive Group is responsible for the authorisation of spending within agreed budgets and the appointment of staff. Some spending control is devolved to members of the Extended Leadership Team, with limits above which an Executive Group member must countersign.

The Extended Leadership Team includes the Executive Group, Assistant and Deputy Headteachers, the Faculty leaders and the Pastoral leaders. These managers are responsible for the day-to-day operation of the Trust, organising the teaching staff, facilities, pupils and students.

Arrangements for setting pay and remuneration of key management personnel

Key Management Personnel for the Trust is defined as Trustees and the Executive Group. Trustees do not receive remuneration for their role as Trustees.

The Key Management Personnel are subject to annual performance review which is carried out in accordance with good practice for headteachers and other senior staff annual performance review. Any adjustments to their pay and remuneration and the performance management process are reviewed by a specific pay review committee at Local Governing Body level and at Trust Level through the Pay & Performance Review Committee. The Trust committee ensures a robust and transparent performance management process, including an assessment of individual performance and setting of benchmarked salary levels where appropriate.

Red Kite Learning Trust
TRUSTEES' REPORT (continued)

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time employee number
1	0.4

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	£22K
Total pay bill	£44,847K
% of total pay bill spent on facility time	0.05%

Paid trade union activities

Time spent on paid trade union activities as a % of total paid facilities time	100%
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Related Parties and other Connected Charities and Organisations

The Trust has one subsidiary undertaking, HGS Ventures Limited, and indirectly holds an investment interest in one undertaking. The Trustees consider the results of HGS Ventures Limited to be in line with expectations during the current year.

During the year, HGS Ventures Ltd undertook a transaction to sell its investment in shares held in Added Value Portal Ltd, realising a profit on disposal of £380,705. As part of this transaction, HGS Ventures Limited received a minority shareholding in the purchaser. These profits, along with profits arising from usual trading activity, have been gifted up in full to Red Kite Learning Trust to be used within its charitable objects.

Red Kite Learning Trust TRUSTEES' REPORT (continued)

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the charitable company is the operation of Red Kite Learning Trust to advance, for the public benefit, education for students of all abilities between the ages of 2 and 19. We aim to ensure that students will learn, achieve and develop as positive members of the school and wider community.

Mission, values and goals

After extensive consultation in the spring and summer of 2021, Trustees agreed on a refreshed mission statement together with a set of values that dictate how the Trust will work in pursuit of this mission. Five goals were identified that give focus to our work together. Our strategic priorities are aligned to these goals and MS Teams Planner is being used to plan and monitor workstreams created by these plans.

Our Trust Mission

Nurturing ambition, delivering excellence and enriching children's lives.



Our Trust Values



Collaboration

We pull together to deliver the best outcomes for every child in every school, working with professional generosity and openness for the common good. We share joy in our achievements - personal and collective.



Integrity

We put ethical leadership and excellent governance at the heart of our Trust, serving our schools and communities with fairness, honesty and transparency and a hunger for social justice.



Respect

We champion equity, equality and diversity. We treat our children, families, staff and partners with respect and kindness - modelling our values and wanting the very best for each other.

Our Trust Goals



We champion learning

Learning together creatively with a rich and broad curriculum, where great teaching and confident reading are fundamental to enriching children's lives.



We promote wellbeing

Ensuring the wellbeing of every child and member of staff in our Trust.



We invest in our people

Supporting every member of staff throughout their career to be the best that they can be.



We innovate with technology

Enabling all learners to harness technology, ensuring all have access at home, and innovating with technology for learning.



We are our Trust

Growing together collaboratively we will strengthen our Trust for the benefit of our children, our staff, our communities and our environment.

Public benefit

The Trustees confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives.

Red Kite Learning Trust

TRUSTEES' REPORT (continued)

STRATEGIC REPORT

The past year has once again been dominated by the COVID pandemic. Several schools were badly hit by staff and pupils contracting the virus which created huge challenges for leaders, staff, children and families. Despite this, our schools continued to open and were able to offer a much more 'normal' service as the year progressed. There is no doubt that young people have been affected by the gaps in their learning created by COVID-related absence. The impact on children and young people has been greater for those who are more vulnerable or from more disadvantaged backgrounds. The Trust has done a lot of work to support schools in making effective use of additional government 'catch-up' funding and also put in place a monitoring system to help evaluate how well that money is being spent. Some limited pooling of this extra resource allowed us to focus money on the greatest need and demonstrated the strong spirit of 'Our Trust' that has got stronger over this period. Making the best use of all our resources to support our children as they return to school remains a key priority.

Examinations were again cancelled in 2021 so the usual accountability measures are not available for any key stage. Our secondary school leadership teams and subject teachers had to devote a huge amount of time and energy to organising the Teacher Assessment Grades (TAGs) that replaced examinations at GCSE and A-level. All our schools approached this in a highly professional manner, reflecting our values as a Trust. Very few appeals were received and none of our schools were identified by the regulator as being 'over-optimistic' in their grading.

Ofsted returned to the inspecting of schools during the year, but no Red Kite Learning Trust schools were seen up until August 2021. The relatively new inspection framework with its renewed emphasis on the curriculum has, however, had a major impact on our work. Leaders are pleased to see this return to a more balanced view of the 'quality of education' rather than a reliance on a small number of key metrics. The curriculum is something that we can focus our collaborative efforts on as a trust and add value by sharing expertise and subject knowledge between schools and phases. Much has already been done on this, particularly at primary level, but secondary leaders are also starting to embrace the opportunities available. Recent investment in Trust-wide curriculum leadership at primary and secondary level has been designed to accelerate this process. Giving additional time for skilled teachers to work across the Trust to enhance the curriculum is a key plank of our renewed school improvement strategy.

Despite the disruption caused by COVID, school improvement work has been going ahead and leaders have been delighted to have the opportunity to start to think about the quality of education rather than just COVID guidance.

Three schools remain on our priority list, but all have seen significant progress over the last year.

Crawshaw Academy

The school's ongoing deficit position has continued to be a concern to Trustees who have required regular reporting on progress. The deficit has been accrued as a result of the school's time in Special Measures when pupil numbers fell considerably. Investment by the Trust and a patient, pragmatic approach to deficit reduction has allowed the school to recover and it is now oversubscribed. The impact of 'lag funding' means it may take another 2-3 years for the school to be able to keep within our expected reserves position. The work of the CFO, as a School Resource Management Adviser, has been important in identifying further efficiency savings that can be made in order to accelerate this process.

Temple Learning Academy

A new Principal was appointed to the school in Easter 2021 and they have already made rapid improvements to the organisation of the academy and the quality of education in one of our most deprived communities. There is a cross-Trust focus on improving outcomes and we have confidence that the school is progressing in the right direction. Our secondary Executive Headteacher continues to have oversight of the school and the governing bodies of Temple Learning Academy and Temple Moor High School have been brought together with an experienced chair to help support and drive improvement. This approach to shared governance is one we are interested to trial and look at whether it may have applications elsewhere in the Trust.

Red Kite Learning Trust

TRUSTEES' REPORT (continued)

Whitkirk Primary School

Exceptional progress has been made at the school and the new Headteacher is now fully in post and driving further improvement. The Trust's significant investment in the buildings, people and leadership of the school really is showing a positive impact with applications for the school much stronger. As our only 'Requires Improvement' school, we remain focused on ensuring that it is at least 'Good' when next inspected.

Systems and support

We have been working hard to get our core systems in place to support schools and ready the Trust for further expansion. We are now confident that our finance, HR, compliance and IT systems are ready for us to safely scale up our organisation. The complex and challenging job of bringing in an entirely new Trust-wide network has been completed and, as a result, we feel confident that risks identified by Trustees have been successfully mitigated. As a result of having a secure and sustainable network, we have been able to purchase cyber-security insurance that will provide reassurance at a time when cyber-attacks of trusts and other organisations are becoming more prevalent. The system also supports our goals in terms of innovating with technology to support effective delivery of the curriculum across all our schools. The shared Microsoft tenancy we now have facilitates excellent communication and enhances collaboration opportunities.

Governance

The new Chair of the Trust has been pro-active in his role and meets weekly with the CEO as well as with other key members of the Trust, including school leaders. The Trust Board has been strengthened by the addition of two new Trustees who bring significant skills and experience that complements that of the existing Board. The Chair has also been able to start to visit schools and see for himself the work of our colleagues now that restrictions have lifted somewhat.

The Governance Lead carried out a successful recruitment campaign for Local Governing Body members and work is continuing to ensure each school has its own or a shared Local Governing Body that adds value.

The appointment of a new colleague to oversee and support schools in issues relating to admissions and GDPR has strengthened our core offer and has helped improve our policy set as well as our operational efficiency and service to schools.

Growth

Growing the Trust is now a key objective, but we are determined to grow sustainably and in line with our values and mission. We do have the capacity to take on further schools and the additional financial contribution they would bring would allow us to do more of what schools need and want us to do.

Teaching School Hub

The first year of our new Teaching School Hub was not without its challenges, not least the impact COVID had on any planned collaborative or training activity. The Hub, together with the Red Kite Alliance and the SCITT, is a significant part of our business with revenue in 2020/21 of £2,048,000. We have tried hard to invest income carefully in order to build capacity and honour our partnership commitments and meet the requirements of the DfE. The SCITT has grown significantly with over 200 trainees now enrolled, one of the biggest such entities in the country. The Teaching school work brings opportunities for staff that aids recruitment and retention and the SCITT gives us a much-needed teacher supply chain that is shared with our wider partnership. We hope this work will continue to grow and develop in future years.

Going concern

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

Red Kite Learning Trust

TRUSTEES' REPORT (continued)

Trust engagement with employees

Trustees' engagement with employees is primarily through established representation at national, regional and local levels. Unions and professional associations have continued working closely with senior leaders, on behalf of Trustees, throughout the COVID Pandemic with regular consultation and reporting on matters such as Health & Safety arrangements. A regular "Business" meeting is now calendared alongside the negotiating work.

Through the CEO reporting routines, there is systematic opportunity for information sharing and challenge by Trustees. Larger schools also have school-based union representatives as well as other staff representation/consultative groups. Strategic performance and pay matters are considered by Trustees in light of nationally consulted negotiations; the most preferential terms are awarded where possible and decisions around aspects such as pay awards provided to staff as appropriate in line with the strategic aim of being the "Employer of Choice".

Direct communication with colleagues has now become available. The opportunity for more feedback and surveys has arrived.

A programme of harmonisation of policies and procedures continues, with regular feedback to Trustees and opportunities for questions and challenge; specifically, through the Finance and Resources Committee.

Promoting the success of the Trust - Trust engagement with customers, suppliers and others in a business relationship such as beneficiaries, funders and the wider community

The Trust Board is focused on promoting the success of the Trust and ensuring the Trust remains successful and sustainable in the long-term. Fundamental to this success is ensuring that employees are treated fairly and that we further cultivate our aim to be the "Employer of Choice", and that we encourage sound and enduring engagement and relationships with all stakeholders including pupils; parents; suppliers and customers and our wider communities. We strive for excellence in all aspects of our operations and value our emphasis on ethical leadership in line with the Trust values outlined above.

FINANCIAL REVIEW

Most of the Trust's Income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2021 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2021, total recurrent expenditure (excluding restricted fixed asset funds and non-cash defined benefit pension scheme adjustments) of £51,120,000 (2020 - £46,349,000) was covered by recurrent grant funding from the ESFA together with other incoming resources. The surplus of income over expenditure for the year (excluding restricted fixed asset funds and restricted pension reserves) was £773,000 (2020 - £1,159,000).

At 31 August 2021, the net book value of tangible fixed assets was £100,734,000 with movements being shown in note 12 to the financial statements. The assets were used for providing education and the associated support services to the students of the Trust.

Reserves Policy

The Trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Trustees have determined that an appropriate level of free reserves should be maintained to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Trustees aspire to a level of reserves that reflects between 4% and 8% of annual General Annual Grant (GAG) income. In the year ended 31 August 2021 this equated to a range of between £1,504,000 and £3,009,000, which the Trustees believe represents an appropriate target to achieve.

Unrestricted Funds held at 31 August 2021 were £1,737,000 (2020: £1,883,000) and Restricted General Funds (excluding Pension Reserve) were £718,000 (2020: £306,000). Therefore, a net surplus of £2,455,000 (2020: £2,189,000) is available to the Trust, of which £1,737,000 (2020: £1,883,000) constitute free reserves.

Red Kite Learning Trust

TRUSTEES' REPORT (continued)

Reserves Policy (continued)

Trustees continue to seek opportunities to further bolster the Trust's reserves position during a period of tight financial funding for schools and regularly review financial reports and projections.

Financial position

The Multi-Academy Trust held fund balances at 31 August 2021 of £72,856,000 comprising £71,119,000 restricted funds and £1,737,000 of unrestricted general funds.

An overall deficit of £29,873,000 exists on Restricted General Funds due to the Multi-Academy Trust's Pension reserve deficit, which has increased to £30,591,000. The calculation of this estimated long-term liability is based on assumptions which are subject to annual revision and likely to change in the future. This net deficit position is common among other academies and does not mean that an immediate liability for this amount crystallises. A deficit position of the pension scheme would generally result in a cash flow effect for the Multi-Academy Trust in the form of an increase in employers' pension contributions over a period of years. On the basis that increased pension contributions will be met from the Multi-Academy Trust's budgeted annual income, whilst the deficit might not be eliminated there should be no actual cash flow deficit on the fund, or direct impact on the Trust's free reserves due to recognising the deficit.

Investment policy

The Trust has delegated authority to the Chief Financial Officer to utilise the term deposit arrangements with Lloyds TSB and Yorkshire Bank and the Charity Deposit account with Virgin Money in order that interest receipts are maximised in a low-risk investment. During the year, a term deposit was placed with a 12-month maturity. Unless authorised by the Trust, term deposits will not exceed 24 months and the projected current account balance will not be allowed to fall below £250,000 at any point.

Financial and risk management objectives and policies

Principal risks and uncertainties

The Audit and Risk Committee undertakes a comprehensive review of the risks to which the Trust is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Trust. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Audit and Risk Committee will also consider any risks which may arise as a result of a new area of work being undertaken by the Trust.

A risk register is maintained at the Trust level which is reviewed at least annually by the Audit and Risk Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Trust and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the Trust. Not all the factors are within the Trust's control. Other factors besides those listed below may also adversely affect the Trust.

1. Government funding

The Trust has considerable reliance on continued government funding through the Education and Skills Funding Agency (ESFA) and Local Authorities. In 2020/21, 90% of the Trust's recurrent revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- Pupil numbers are the key driver of ESFA funding, and every effort is made to ensure school pupil and student numbers are protected and grown where there is capacity to do so. Where schools have sixth forms, there is a particular focus on reviewing the financial sustainability of these provisions.
- Considerable focus and investment is placed on maintaining and managing key relationships with the ESFA and the Department for Education.
- Protecting the Trust from reputational damage is a key component of our risk strategy and this includes an ongoing focus on achieving excellent academic results and education of the highest possible quality in all of the Trust's schools.

Red Kite Learning Trust

TRUSTEES' REPORT (continued)

Principal risks and uncertainties (continued)

2. Manage the growth of the Trust

The Trust has undergone a period of consolidation since its rapid growth in 2018. The Trust remains focused on building its capacity in terms of personnel, systems and protocols to ensure that growth is controlled and sustainable. Effective governance is at the heart of our growth strategy. The possible future growth of the Trust is actively being considered.

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the pension scheme deficit on the Trust's balance sheet in line with the requirements of FRS 102. We will continue to carefully review the level of exposure to the pension fund deficit.

4. Minimise the risk of litigation against the Trust

Management and Trustees are highly focused on the need to ensure that the risks of litigation from employees, customers, suppliers, parents, pupils and other stakeholders are minimised in order to prevent reputational damage and financial loss. Adequate insurance cover remains an absolute necessity.

5. Ensure diligence in all aspects of Health and Safety compliance

Management and Trustees are highly focused on the need to ensure risks of damage to property and persons are minimised by adhering to a robust Health and Safety policy and by calling on expert advice in this area where required.

6. Ensure ongoing cash solvency

Management works closely with the Trust's internal and external auditors and Audit and Risk Committee to ensure internal controls are in place to minimise the possibility of unexpected financial losses. Furthermore, scrutiny of financial information by the Local Governing Bodies helps to ensure due diligence in all aspects of financial planning and budgeting, including cash management and forecasting.

7. COVID-19

Management and Trustees will continue to respond effectively to the challenges and risks of COVID-19 and will work creatively within the governmental guidance to promote the continuity of education for all pupils. The Trust will respond pragmatically to the emerging situational challenges and will place the highest importance on the safety of its children and staff whilst, whenever possible, protecting itself and its community from the adverse effects of COVID-19. Management will continue to focus on the urgent need to assist children to catch-up on the learning that has been lost due to the pandemic. Additional funding received for catch-up purposes is being carefully deployed and monitored to ensure maximum impact is achieved for the benefit of our pupils.

FUNDRAISING

The schools in Red Kite Learning Trust undertake a number of fundraising initiatives which include fundraising on behalf of the schools themselves and fundraising on behalf of charities and good causes.

Trustees are committed to ensuring that fundraising activities are carried out in a controlled and ethical manner and are mindful of the guidance issued by the Charity Commission in relation to fundraising standards.

Whenever parents and pupils donate to charitable collections, monies are carefully accounted for and remitted to the beneficiaries as soon as is possible.

Red Kite Learning Trust

TRUSTEES' REPORT (continued)

FUNDRAISING (continued)

Activities to raise funds collected for use by Trust schools are carefully considered by school leaders and appropriate and sensitive communication made with potential donors. The Trust is sensitive to its local communities and their varying contexts and ensures that funds raised are always done so on a completely voluntary basis.

If significant new or novel fund-raising initiatives are planned these are referred to local governors for approval.

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period	1 September 2020 to 31 August 2021	1 September 2019 to 31 August 2020
Energy consumption used to calculate emissions (kWh)	9,476,844	9,085,618
Energy Consumption breakdown - Gas (kWh) - Electricity (kWh) - Transport / Fuel (miles)	6,190,185 3,226,135 60,524	6,050,060 3,011,722 23,836
Scope 1 emissions in metric tonnes CO ₂ e - Gas Consumption - Owned transport	1,133.79 13.66	1,112.42 10.84
Total Scope 1	1,147.45	1,123.26
Scope 2 emissions in metric tonnes CO ₂ e Electricity	685.01	702.86
Scope 3 emissions in metric tonnes CO ₂ e Business travel in employee-owned vehicles	1.62	6.58
TOTAL GROSS EMISSIONS IN METRIC TONNES CO₂e	1,834.08	1,832.70
Intensity Ratio		
Tonnes CO ₂ e per pupil (based on 8,273 (2020 - 8,234) pupils)	0.22	0.22

Qualification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Governments' Conversion Factors for Company Reporting.

Intensity Measurement

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

Measures taken to improve energy efficiency

- Energy monitoring using Npower analytics with a view to reduce overall consumption.
- Installation of LED lights at Coppice Valley Primary School
- Installation of a Combined Heat and Power Unit at Temple Moor High School
- Energy audits arranged for six schools to inform future initiatives

Red Kite Learning Trust
TRUSTEES' REPORT (continued)

PLANS FOR FUTURE PERIODS

Following a period of consolidation in 2020/21, the Trust continues to consider possible opportunities for further growth but is focused on ensuring any such growth is controlled and sustainable. The academies continue with the detailed plans, as laid out in our School Development Plans, as we strive to become a leading Multi-Academy Trust. We will continue to invest in our staff and our facilities to ensure that achieving positive outcomes for our pupils and students remains at the heart of all we do.

DISABLED APPLICANTS AND EMPLOYEES

Disabled applicants, who may not be able to meet some of the job requirements because of their disability, should specify this detail in their job application. If a disabled applicant meets all other criteria, they will be short-listed for interview and an opportunity provided to discuss if there are ways in which the post can be modified, to meet their needs.

Red Kite Learning Trust is an equal opportunity employer committed to the elimination of discrimination throughout its employment practices. Selection criteria procedures are reviewed frequently to ensure that individuals are selected and treated on the basis of their merits and abilities. All information is treated in confidence and personal information submitted as part of the Equal Opportunities questions will not form part of an application; the shortlisting panel do not have access to this information.

Through the support and guidance of Occupational Health, employees who have been injured or have become disabled in the course of their employment can, where possible, continue in employment with the academy, as part of the Trust.

During employment, the Trust seeks to work with employees, considering their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.

EMPLOYEE INVOLVEMENT

Each academy encourages the involvement of its employees in its leadership and management through various activities including for example; weekly meetings of the SLT, at least half-termly meetings of middle leaders and at least half-termly meetings of department/faculty teams. This ensures the sharing of vision and policy and discussion of key issues including the receiving of views of the staff. The opportunities through various technologies with self-serve access to information and services have also arrived.

AUDITORS

Murray Harcourt Limited was re-appointed as Auditor in 2020/21 and has indicated its willingness to continue in office.

Statement as to disclosure of information to auditors

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Approved by order of the Board of Trustees at its meeting on 9 December 2021 and signed on its behalf by:



Chris Tulley
Chair of Trustees

Red Kite Learning Trust

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Red Kite Learning 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 the DfE's Governance Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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 Red Kite Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met five times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of possible
Mr C Tulley (Chair)	5	5
Mrs J Sorrell	5	5
Mrs T Brooke	4	5
Dr T Stowell	5	5
Mr K Paynes	5	5
Mrs M Moyles	3	5
Mrs B Wood	4	5
Mr J Topping	5	5

The Audit and Risk Committee reports to the Board of Trustees. Its purpose is to review the internal controls and risk profile of the Trust and to ensure the highest levels of probity are achieved. Attendance at meetings in the year is as follows:

Member	Meetings attended	Out of possible
Ms L Devenny	2	3
Mrs J Sorrell	3	3
Mr J Topping	3	3

Trustees oversee the work of three additional sub-committees. The Quality of Education Committee focuses on improving educational outcomes and standards across the Trust. The Finances and Resources Committee leads on aspects relating to finance and resources. The Pay and Performance Review Committee ensures adherence to our policies and development in relation to staff pay.

Red Kite Learning Trust

GOVERNANCE STATEMENT (continued)

Review of Value for Money

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

The Accounting Officer considers how the 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:

1. Improving the effectiveness of resource-use

Academic attainment is keenly monitored at all ages and all abilities with particular emphasis on all pupils and students meeting their potential.

A high emphasis is placed on assisting students with transition from primary to secondary school and then on to further education, training or employment.

Significant CPD opportunities are given to staff to promote further development.

ICT is used innovatively in the Trust schools.

The growing work of the Red Kite Teaching School Hub further utilises the schools' facilities, as does the Maths Hub work and the Computing Hub.

School facilities are used widely by the local community.

2. Robust governance and oversight of Trust finances

The Multi-Academy Trust places a high emphasis on the competency and experience of its trustees and regularly reviews its trustees' skill sets to ensure there is sufficient coverage in each area and in the area of finance in particular. Two trustees are qualified accountants and their representation is a key component in ensuring robust governance and oversight of Academy Trust finances.

When appropriate, the Multi-Academy Trust consults with professional experts to advise on financial aspects.

The Local Governing Bodies review budget projections in detail and receive and review regular financial reports. Trustees approve the Multi-Academy Trust budget each year and are mindful of the need to balance expenditure against income to ensure the Trust remains a 'going concern'. Trustees also receive and approve the Annual Accounts and the External Auditor's Management Report.

3. Ensuring the operation of the Trust demonstrates good value for money and efficient and effective use of resources

The Trust regularly benchmarks financial performance and use of resources against other Academy Trusts to demonstrate that the Trust provides good value for money.

Tender exercises are regularly undertaken to ensure that high value contracts are assessed against the marketplace on a regular basis to ensure that long-term contracts (3 to 5 years) remain competitive.

When possible, the Trust collaborates with other schools in the Red Kite Alliance to encourage best value procurement.

Procurement initiatives seek to simplify the supplier base and develop strong partnerships with trusted suppliers.

Red Kite Learning Trust

GOVERNANCE STATEMENT (continued)

4. Maximising income generation

The Trust explores every opportunity to generate income through hire of school facilities and through running events and conferences and after-school activities. Business opportunities are taken following careful review of the risks and impact of doing so and the Trust understands the need to invest carefully to develop its future operations. Opportunities to bid for additional funding are actively sought.

5. Reviewing controls and managing risks.

Financial reports are produced and reviewed by the Chief Financial Officer and the Headteachers and any necessary remedial action taken to address any significant variances that may have an impact on the budget out-turn. These variances are reviewed by the Local Governing Bodies.

The Trust ensures that significant surplus cash balances are invested in term deposits and interest-bearing accounts to maximise interest earning potential.

The Audit and Risk Committee is charged with reviewing the Trust's risk register and steers and oversees the programme to deliver reassurance under the terms of the Academy Trust Handbook. The Audit and Risk Committee oversees a programme of Internal Audit.

Trust policies are carefully reviewed to ensure they remain useful, relevant and compliant.

The Trust is a member of the Risk Pooling Arrangement (RPA) and takes expert advice on those additional insurance covers that fall outside the scope of the RPA.

6. Reviewing operations to maximise use of resources.

The Academy Senior Leadership Teams review income and expenditure within each budget heading annually and make adjustments based on the effectiveness of strategies introduced in previous years, curriculum offer and any new strategies identified in the School Development Plans. Governors are consulted in detail on major investment and resource decisions.

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 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 Red Kite Learning Trust for the year ended 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the 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 Trust's significant risks that has been in place for the year ending 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

Red Kite Learning Trust

GOVERNANCE STATEMENT (continued)

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by Local Governing Bodies of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks;
- a programme of Internal Audit.

The Board of Trustees considered the need for a specific internal audit function and decided to engage Moorlands Learning Trust as internal auditor. The role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular, the checks carried out in the current period included:

- Safeguarding
- Finance
- COVID-19
- Estates Management
- Risk Management

The findings of these system checks were reported to the Board of Trustees, through the Audit and Risk Committee. The internal auditor also prepares an annual summary report to the Audit and Risk Committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year-on-year progress.

Review of effectiveness

As Accounting Officer, the Chief Executive 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 Audit and Risk Committee
- The work of the external auditor
- The work of the internal auditor
- The work of the executive managers within the Multi-Academy Trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the Board of Trustees on 9 December 2021 and signed on its behalf by:



Chris Tulley
Chair of Trustees



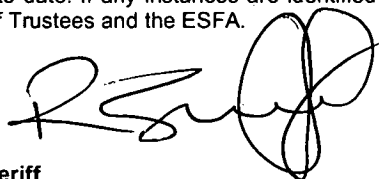
Richard Sheriff
Accounting Officer

Red Kite Learning Trust
STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Red Kite Learning Trust, I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook 2020.

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

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

A handwritten signature in black ink, appearing to read 'R Sheriff', with a large circular flourish at the end.

Richard Sheriff
Accounting Officer

Date: 9 December 2021

Red Kite Learning Trust

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who act as Governors of Red Kite Learning Trust and 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 Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 9 December 2021 and signed on its behalf by:



Chris Tulley
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED KITE LEARNING TRUST

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

It is not possible to predict with certainty the potential impact of future developments in both the Academy Trust's trading environment or in the broader economy. Because of this, the above statements should not be interpreted as a guarantee that the Academy Trust will continue to operate as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED KITE LEARNING TRUST (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 19, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED KITE LEARNING TRUST (continued)

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- enquiring of the directors on procedures relating to their processes for identifying, evaluating and complying with laws and regulations and for detecting and responding to the risks of fraud;
- obtaining an understanding of the legal and regulatory frameworks applicable to the entity. The most significant considerations identified were the Companies Act 2006, employment tax legislation, employment law, health and safety and legislation concerning the provision of education (including related regulation by the Secretary of State for Education, the Department for Education, Education and Skills Funding Agency, and Ofsted); and
- discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in the following areas:
 - management override of controls; and
 - revenue recognition.

We designed and executed procedures in line with our responsibilities to detect material misstatements in respect of irregularities, including fraud. These procedures, together with the extent to which they are capable of detecting irregularities, including fraud, are detailed below:

- We made enquiries of management and reviewed correspondence with the relevant authorities to identify any irregularities or instances of non-compliance with laws and regulations and to identify any irregularities or instances of fraud;
- We tested the appropriateness of a sample of accounting journals;
- We reviewed the Company's accounting policies for non-compliance with relevant accounting standards;
- We considered significant accounting estimates for evidence of misstatement; and
- We considered the appropriateness of the revenue recognition policies.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements. There are inherent limitations in the audit procedures performed not least due to the following:

- the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve deliberate concealment; and
- the further removed the non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED KITE LEARNING TRUST (continued)

Use of this report

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



.....
Steven Williams FCA (Senior Statutory Auditor)
For and on behalf of Murray Harcourt Limited, Statutory Auditor

6 Queen Street
Leeds
LS1 2TW

Date: 17/12/21

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO RED KITE LEARNING TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 26 September 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Red Kite Learning Trust during the period from 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Red Kite Learning Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Red Kite Learning Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Academy Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2020;
- Confirming through enquiry and sample testing that the Academy Trust has complied with its procurement policies and that these policies comply with the delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON
REGULARITY TO RED KITE LEARNING TRUST AND THE EDUCATION AND SKILLS
FUNDING AGENCY (continued)**

Conclusion

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

Murray Harcourt Limited

Reporting Accountant
Murray Harcourt Limited
Date:

17/12/21

Red Kite Learning Trust
STATEMENT OF FINANCIAL ACTIVITIES
(including Income and Expenditure Account)
for the year ended 31 August 2021

	Notes	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2021 £'000	Total 2020 £'000
INCOME AND ENDOWMENTS FROM:						
Donations and capital grants	1	853	3	1,335	2,191	3,135
Other trading activities	2	630	-	-	630	844
Investments	3	9	-	-	9	18
Charitable activities						
Funding for the Academy						
Trust's educational operations	4	1,551	46,799	-	48,350	44,644
Teaching School	32	-	2,048	-	2,048	1,644
Total		3,043	48,850	1,335	53,228	50,285
EXPENDITURE ON:						
Raising funds	5	549	-	-	549	786
Charitable activities:						
Academy Trust's educational operations	6	1,678	51,168	3,511	56,357	49,961
Teaching School	32	-	1,802	-	1,802	1,437
Total	5	2,227	52,970	3,511	58,708	52,184
NET INCOME/(EXPENDITURE)		816	(4,120)	(2,176)	(5,480)	(1,899)
Transfers between funds	19	(962)	455	507	-	-
OTHER RECOGNISED GAINS AND LOSSES:						
Actuarial gains/(losses) on defined benefit pension scheme	29	-	715	-	715	(5,471)
NET MOVEMENT IN FUNDS		(146)	(2,950)	(1,669)	(4,765)	(7,370)
RECONCILIATION OF FUNDS						
Total funds brought forward		1,883	(26,923)	102,661	77,621	84,991
TOTAL FUNDS CARRIED FORWARD	19	1,737	(29,873)	100,992	72,856	77,621

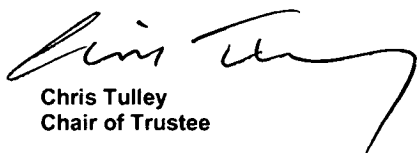
All of the Academy Trust's activities derive from continuing operations during the above two financial periods.

Red Kite Learning Trust
BALANCE SHEET
As at 31 August 2021

Company Registration No. 07523507

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
FIXED ASSETS					
Intangible assets	11		258		288
Tangible assets	12		100,734		101,804
Investments	13		-		-
			<u>100,992</u>		<u>102,092</u>
CURRENT ASSETS					
Stock	14	18		19	
Debtors	15	2,568		2,873	
Investments	16	500		1,500	
Cash at bank and in hand	25	<u>4,467</u>		<u>3,885</u>	
			<u>7,553</u>		<u>8,277</u>
CREDITORS: Amounts falling due within one year	17	<u>(5,011)</u>		<u>(5,351)</u>	
NET CURRENT ASSETS			<u>2,542</u>		<u>2,926</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>103,534</u>		<u>105,018</u>
CREDITORS: Amounts falling due after more than one year	18		<u>(87)</u>		<u>(168)</u>
NET ASSETS EXCLUDING PENSION LIABILITY			<u>103,447</u>		<u>104,850</u>
Pension scheme liability	29		<u>(30,591)</u>		<u>(27,229)</u>
NET ASSETS INCLUDING PENSION LIABILITY			<u>72,856</u>		<u>77,621</u>
FUNDS OF THE ACADEMY TRUST:					
RESTRICTED FUNDS					
Fixed asset fund	19		100,992		102,661
General fund	19		718		306
Pension reserve	19		<u>(30,591)</u>		<u>(27,229)</u>
TOTAL RESTRICTED FUNDS			<u>71,119</u>		<u>75,738</u>
TOTAL UNRESTRICTED INCOME FUNDS	19		<u>1,737</u>		<u>1,883</u>
TOTAL FUNDS			<u>72,856</u>		<u>77,621</u>

The financial statements on pages 26 to 58 were approved by the Trustees and authorised for issue on 9 December 2021, and are signed on their behalf by:


Chris Tulley
Chair of Trustee

Red Kite Learning Trust
CASH FLOW STATEMENT
for the year ended 31 August 2021

	Notes	2021 £'000	2020 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by operating activities	22	603	1,340
Tax refunded		4	9
		<u>607</u>	<u>1,349</u>
CASH FLOWS FROM INVESTING ACTIVITIES	23	63	(2,853)
CASH FLOWS FROM FINANCING ACTIVITIES	24	(88)	(76)
CASH FROM ENTITIES TRANSFERRED INTO THE TRUST		-	1,542
INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>582</u>	<u>(38)</u>
CASH AND CASH EQUIVALENTS AT 1 SEPTEMBER		3,885	3,923
CASH AND CASH EQUIVALENTS AT 31 AUGUST	25	<u>4,467</u>	<u>3,885</u>

Red Kite Learning Trust
ACCOUNTING POLICIES
for the year ended 31 August 2021

Statement of accounting policies

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

Basis of preparation

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

Red Kite Learning Trust meets the definition of a public benefit entity under FRS 102.

Consolidation

The Trust has taken advantage of the exemption provided by Section 405 of the Companies Act 2006 not to prepare group accounts on the basis that the consolidation of HGS Ventures Limited, a company under the control of the Trust, is not material for the purposes of giving a true and fair view of the results for the period. These financial statements therefore present information about the Trust as a standalone entity.

Going concern

After making appropriate enquiries, the Trustees have a reasonable expectation that Red Kite Learning Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Income

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

Grants

Grant income is 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.

The General Annual Grant ('GAG') from the DfE, which is intended to meet recurrent costs, is recognised on a receivable basis and is credited directly to the Statement of Financial Activities to the extent of the entitlement to the funds, any abatement in respect of the period is deducted from income and is recognised as a liability.

Capital grants are recognised when there is an unconditional entitlement to the grant and are not deferred over the life of the asset on which they are expended. Any unspent amount is reflected as a balance in the restricted fixed asset fund.

Other grants from government agencies and other bodies, including certain categories of Teaching School income, are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

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.

Red Kite Learning Trust
ACCOUNTING POLICIES (continued)
for the year ended 31 August 2021

Other income

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

Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

Donated fixed assets

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

Expenditure

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

Expenditure on Raising Funds

This includes all expenditure incurred by the 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 Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Fund accounting

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

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

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

Intangible fixed assets

Intangible assets costing £5,000 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 fixed 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

20% per annum

Red Kite Learning Trust
ACCOUNTING POLICIES (continued)
for the year ended 31 August 2021

Tangible fixed assets

Tangible fixed assets costing £5,000 or more and iPads purchased in bulk are capitalised at cost 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 lives. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

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

Freehold buildings	1.3% - 3% per annum
Long leasehold buildings	2% - 10% per annum
Fixtures and equipment	10% - 20% per annum
Computer equipment	33% - 67% per annum
Motor vehicles	25% per annum

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

Freehold land is not depreciated.

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

Fixed asset investments

Fixed asset investments are stated at historic cost. Provision is made for any impairment in the value of fixed asset investments.

Stock

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Debtors

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

Current asset investments

Current asset investments relate to amounts held in fixed-term deposits and are initially measured at cost. They are subsequently measured at fair value at each reporting date.

Liabilities

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

Red Kite Learning Trust
ACCOUNTING POLICIES (continued)
for the year ended 31 August 2021

Concessionary loans

Concessionary loans include those payable to a third party which are interest free or below market interest rates and are made to advance charitable purposes. Where the loan is repayable on demand within one year, the loan is measured at cost, less impairment. Where the loan is repayable after more than one year the Trust has opted to initially recognise and measure the loans at the amount received, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest outstanding.

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due from the Trust's group undertakings are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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.

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. TPS is an unfunded multiemployer 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 net income/(expenditure) are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Red Kite Learning Trust
ACCOUNTING POLICIES (continued)
for the year ended 31 August 2021

Leased assets

Rentals under operating leases are charged on a straight-line basis over the lease term.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The 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.

Useful economic lives of tangible and intangible fixed assets

The annual depreciation/amortisation charge for tangible/intangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

The carrying value of intangible and tangible fixed assets is detailed in notes 11 and 12 respectively. The useful economic life of each category of fixed asset is set out in the accounting policies, under "Intangible fixed assets" and "Tangible fixed assets", above.

Local Government Pension Scheme liability

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will affect the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Agency arrangements

The Trust acts as an agent in the administering of 16-19 Bursary Funds from the ESFA. Related payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities to the extent that the Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in the Statement of Financial Activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to the ESFA.

The Trust also acted as agent in administering the Yorkshire Learning Community programme and School Centred Initial Teacher Training Bursary funds during the period, as detailed in note 31.

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 August 2021

1 DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £'000	Restricted funds £'000	2021 Total £'000	2020 Total £'000
ESFA capital grants	-	1,266	1,266	1,546
Other capital grants	-	14	14	1,167
Capital donations	-	55	55	64
Parental donations – iPads for learning	274	-	274	239
Other donations	579	3	582	119
	<u>853</u>	<u>1,338</u>	<u>2,191</u>	<u>3,135</u>

Income from donations and capital grants was £2,191,000 (2020 - £3,135,000) of which £1,338,000 (2020 - £2,777,000) was attributable to restricted and £853,000 (2020 - £358,000) was attributable to unrestricted funds.

2 OTHER TRADING ACTIVITIES

	Unrestricted funds £'000	Restricted funds £'000	2021 Total £'000	2020 Total £'000
Hire of facilities	158	-	158	266
Primary partnership	-	-	-	23
Music tuition	92	-	92	142
Professional services	104	-	104	144
Catering	23	-	23	28
Transport income	42	-	42	45
Other sources	211	-	211	196
	<u>630</u>	<u>-</u>	<u>630</u>	<u>844</u>

All income from other trading activities was unrestricted in both reporting periods. Trading income was adversely impacted in the year due to the Covid-19 pandemic.

3 INVESTMENT INCOME

	Unrestricted funds £'000	Restricted funds £'000	2021 Total £'000	2020 Total £'000
Interest on short term deposits	8	-	8	18
Other interest receivable	1	-	1	-
	<u>9</u>	<u>-</u>	<u>9</u>	<u>18</u>

All income from investments was unrestricted in both reporting periods.

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

4 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds £'000	Restricted funds £'000	2021 Total £'000	2020 Total £'000
DfE/ESFA GRANTS				
General Annual Grant (GAG)	-	37,610	37,610	34,880
Other DfE/ESFA grants				
Pupil Premium	-	2,056	2,056	1,962
UFSM	-	407	407	413
Others	-	3,109	3,109	3,120
	-	43,182	43,182	40,375
OTHER GOVERNMENT GRANTS				
SEN from Local Authority	-	1,219	1,219	1,048
Other Local Authority grants	-	908	908	863
	-	2,127	2,127	1,911
OTHER INCOME				
Catering income	1,034	-	1,034	1,104
Other income	517	110	627	755
	1,551	110	1,661	1,859
COVID-19 ADDITIONAL FUNDING (DfE/ESFA)				
Catch-up premium	-	615	615	-
Other DfE/ESFA COVID-19 funding	-	344	344	60
COVID-19 ADDITIONAL FUNDING (non-DfE/ESFA)				
Coronavirus Job Retention Scheme	-	182	182	439
Other COVID-19 funding	-	239	239	-
	-	1,380	1,380	499
	1,551	46,799	48,350	44,644

Funding for the Academy Trust's educational operations amounted to £48,350,000 (2020 - £44,644,000) of which £46,799,000 (2020 - £42,991,000) was attributable to restricted and £1,551,000 (2020 - £1,653,000) was attributable to unrestricted funds.

The Academy Trust received £615,000 of funding for catch-up premium and costs incurred in respect of this funding totalled £409,000, with the remaining £206,000 to be spent in 2021/22.

The Academy Trust furloughed some of its catering, before and after school staff, nursery and peripatetic music teachers under the government's Coronavirus Job Retention Scheme. The funding received relates to staff costs in respect of 106 staff which are included within note 7 below as appropriate.

Included within other COVID-19 funding is income to support mass testing and the provision of free school meal vouchers. All amounts were fully spent in the period.

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

5 EXPENDITURE

	Staff costs £'000	Non-Pay Expenditure		2021 Total £'000	2020 Total £'000
		Premises £'000	Other £'000		
Raising funds	241	57	251	549	786
Academy's educational operations:					
Direct costs	33,297	2,075	3,745	39,117	34,963
Allocated support costs	10,395	2,969	3,876	17,240	14,998
	<u>43,692</u>	<u>5,044</u>	<u>7,621</u>	<u>56,357</u>	<u>49,961</u>
Teaching School	914	83	805	1,802	1,437
	<u>44,847</u>	<u>5,184</u>	<u>8,677</u>	<u>58,708</u>	<u>52,184</u>

All expenditure on raising funds was unrestricted in both reporting periods.

All expenditure on Teaching School activities was restricted in both reporting periods.

Net expenditure for the period includes:	2021 £'000	2020 £'000
Operating leases:		
Plant and machinery	55	66
Fees payable to auditor for:		
Audit	20	20
Other services	4	4
Depreciation of tangible fixed assets	3,463	3,051
Amortisation of intangible fixed assets	66	10
Profit on disposal of fixed assets	<u>(18)</u>	<u>(22)</u>

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000	
		Amount £	Reason
Unrecoverable debts	1,097	-	-
Gifts made by the Academy Trust	3,606	-	-

Gifts relate to small gifts made to members of staff in accordance with the Academy Trust's policies and procedures.

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

6	CHARITABLE ACTIVITIES	2021 Total £'000	2020 Total £'000
	Direct costs – educational operations	39,117	34,963
	Support costs – educational operations	17,240	14,998
		56,357	49,961
	Analysis of support costs		
	Educational operations £'000	2021 Total £'000	2020 Total £'000
	Staff costs	10,321	8,787
	Staff costs - governance	74	59
	Depreciation and amortisation	664	676
	Premises costs	2,969	2,667
	Technology costs	605	507
	Catering costs	1,426	1,071
	Other support costs	1,137	1,188
	Governance costs	44	43
	Total support costs	17,240	14,998

Expenditure on the Academy Trust's educational operations amounted to £56,357,000 (2020 - £49,961,000) of which £54,679,000 (2020 - £48,199,000) was attributable to restricted and £1,678,000 (2020 - £1,762,000) was attributable to unrestricted funds.

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

7 STAFF COSTS

	2021 £'000	2020 £'000
a. Staff costs		
Staff costs during the period were:		
Wages and salaries	31,106	28,080
Social security costs	2,881	2,522
Operating costs of defined benefit pension schemes	10,199	8,289
Apprenticeship levy	141	131
	<u>44,327</u>	<u>39,022</u>
Supply staff costs	378	578
Staff restructuring costs	142	71
	<u>44,847</u>	<u>39,671</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	142	71
	<u>142</u>	<u>71</u>

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £108,385 (2020 - £17,330) in relation to twelve (2020 – two) employees. The individual payments were £22,056, £20,610, £17,874, £15,143, £8,097, £6,735, £6,367, £4,316, £3,748, £1,827, £1,611 and £1.

c. Staff numbers

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

	2021 No.	2020 No.
Charitable activities		
Teachers	443	413
Administration and educational support	778	730
Management	63	69
	<u>1,284</u>	<u>1,212</u>

The average number of persons employed by the Academy during the period expressed as full-time equivalents was as follows:

	2021 No.	2020 No.
Charitable activities		
Teachers	387	353
Administration and educational support	522	567
Management	62	68
	<u>971</u>	<u>988</u>

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

7 STAFF COSTS (continued)

d. Higher paid staff

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

	2021	2020
	No.	No.
£60,001 - £70,000	19	14
£70,001 - £80,000	4	7
£80,001 - £90,000	5	1
£90,001 - £100,000	-	1
£100,001 - £110,000	2	2
£110,001 - £120,000	1	-
£140,001 - £150,000	1	1

27 of the above employees (2020 - 24) participated in the Teachers' Pension Scheme and five (2020 - two) participated in the Local Government Pension Scheme. Pension contributions for these staff amounted to £556,066 (2020 - £454,739).

e. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the Executive Group 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 £1,920,155 (2020 - £1,959,037).

8 CENTRAL SERVICES

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

- Human Resources
- Financial services
- Educational support and School Improvement services
- Facilities Management services

The Trust charges for these services based on a percentage of GAG received by each academy. The charge for provision of services to the Children's Centre is based on a percentage of income received by the Centre. The rate applied during the current period was 4.5%.

The actual amounts charged during the year were as follows:

	2021	2020
	£'000	£'000
Harrogate Grammar School	566	428
Western Primary School	90	67
Oatlands Community Junior School	66	49
Rossett Acre Primary School	88	67
Crawshaw Academy	305	235
Coppice Valley Primary School	39	36
Austhorpe Primary School	44	37
Temple Learning Academy	257	152
Temple Moor High School	390	308
Colton Primary School	47	37
Meadowfield Primary School	102	85
Templenewsam Halton Primary School	89	74
Whitkirk Primary School	64	68
Children's Centre	7	8
	2,154	1,651

In addition to the charges above, the Trust also recharged £448,000 in respect of IT Technician staff and other IT-related costs to certain of its member schools.

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

9 RELATED PARTY TRANSACTIONS – Trustees’ remuneration and expenses

No Trustees have been remunerated or have received other benefits from an employment with the Academy Trust. The Chief Executive Officer (who is also the Accounting Officer) is paid as below:

R. Sheriff (CEO and Accounting Officer):

Remuneration: £145,000 - £150,000 (2020: £140,000 - £145,000)

Employer’s pension contributions: £30,000 - £35,000 (2020: £30,000 - £35,000)

During the period ended 31 August 2021, there were no travel and subsistence expenses reimbursed or paid directly to Trustees (2020 - £2,000 paid to one Trustee).

Other related party transactions involving the Trustees are set out in note 30.

10 TRUSTEES’ AND OFFICERS INSURANCE

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

11 INTANGIBLE FIXED ASSETS

	Computer software £’000	Total £’000
Cost		
At 1 September 2020	298	298
Additions	36	36
At 31 August 2021	334	334
Amortisation		
At 1 September 2020	10	10
Charged in year	66	66
At 31 August 2021	76	76
Net book values		
At 31 August 2021	258	258
At 31 August 2020	288	288

The amortisation charge is recognised in Expenditure on the Academy Trust’s educational operations, within support costs.

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

12 TANGIBLE FIXED ASSETS

	Land and buildings £'000	Fixtures and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Assets under the course of construction £'000	Total £'000
Cost						
At 1 September 2020	108,476	2,190	1,812	73	3,064	115,615
Additions	418	91	470	31	1,386	2,396
Transfers	3,246	-	796	-	(4,042)	-
Disposals	-	-	(263)	-	(3)	(266)
At 31 August 2021	112,140	2,281	2,815	104	405	117,745
Depreciation						
At 1 September 2020	11,493	1,199	1,053	66	-	13,811
Charged in year	2,622	212	626	3	-	3,463
Disposals	-	-	(263)	-	-	(263)
At 31 August 2021	14,115	1,411	1,416	69	-	17,011
Net book values						
At 31 August 2021	98,025	870	1,399	35	405	100,734
At 31 August 2020	96,983	991	759	7	3,064	101,804

Land and buildings comprise leasehold buildings with a carrying value of £28,617,000, freehold buildings with a carrying value of £66,693,000 and freehold land with a carrying value of £2,715,000. The leasehold buildings are all held under 125-year leases.

The Academy Trust's transactions relating to land and buildings included:

- the granting of a leasehold on the caretaker's bungalow at Austhorpe Primary School for £6k per annum over a term of one year.
- the granting of a leasehold on the caretaker's bungalow at Coppice Valley Primary School for £8k per annum over a term of one year.

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

13 FIXED ASSET INVESTMENTS

Details of undertakings

Details of the investments in which the Academy holds 20% or more of the nominal value of any class of share are as follows:

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
SUBSIDIARY UNDERTAKINGS				
HGS Ventures Limited	England	Ordinary shares	100%	Procurement support

The Academy is the sole shareholder of HGS Ventures Limited (company number: 08857077). The principal activity of HGS Ventures Limited is that of the provision of procurement support. During the period, HGS Ventures Limited generated a profit of £509,150, all of which was distributed as a gift aid donation to Red Kite Learning Trust. As at 31 August 2021, HGS Ventures Limited had net assets of £471.

The registered office address of HGS Ventures Limited is: Arthurs Avenue, Harrogate, HG2 0DZ.

14 STOCK

	2021 £'000	2020 £'000
Catering	18	19

15 DEBTORS

	2021 £'000	2020 £'000
Trade debtors	175	632
Other debtors	843	1,230
VAT recoverable	344	487
Amounts owed by subsidiary undertakings	540	51
Prepayments and accrued income	666	473
	2,568	2,873

Debtors are classified as basic financial instruments and are measured at their settlement value.

Trade debtors are stated after a provision for doubtful debts of £310 (2020 - £325).

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

16 CURRENT ASSET INVESTMENTS

	2021 £'000	2020 £'000
Cash held on term deposit	500	1,500
	<u>500</u>	<u>1,500</u>

Included within cash held on term deposit is the following:

- o 12-month term deposit, maturing on 24 February 2022 - £500,000

17 CREDITORS: Amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	1,577	2,522
Taxation and social security	700	607
Other loans	81	88
Other creditors	869	1,064
Accruals and deferred income	1,784	1,070
	<u>5,011</u>	<u>5,351</u>

All financial liabilities are classified as basic financial instruments and are measured at their settlement value.

Deferred income	2021 £'000
Deferred income at 1 September 2020	673
Resources deferred in the year	738
Amounts released from previous years	<u>(673)</u>
Deferred income at 31 August 2021	<u>738</u>

At the balance sheet date, the Academy Trust was holding funds received in advance for Teaching School membership subscriptions (£101,000), grants received for future periods (£563,000) and music and nursery income received in advance (£74,000).

Included within Other loans due within one year are three Salix loan balances amounting to £51,000 (2020 – three loans amounting to £58,000) and three CIF loan balances amounting to £30,000 (2020 – three loans amounting to £30,000). The Salix loans are interest-free and repayable by instalments. The loans are classified as concessionary loans and are measured at the amount received, adjusted to reflect repayments made since original drawdown. One of the CIF loans is interest-free and the other two carry interest at 1.04% and 1.05%.

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

18 CREDITORS: Amounts falling due in greater than one year

	2021 £'000	2020 £'000
Other loans	<u>87</u>	<u>168</u>
	<u>87</u>	<u>168</u>

Other loans due after one year include two Salix loans amounting to £69,000 (2020 – three loans amounting to £120,000) and two CIF loans amounting to £18,000 (2020 – three loans amounting to £48,000). The loans are classified as concessionary loans and are measured at the amount received, adjusted to reflect repayments made since original drawdown. One of the CIF loans is interest-free and the other two carry interest at 1.04% and 1.05%.

The loan repayment profile is as follows:

	2021 £'000	2020 £'000
Due within one year	81	88
Due within two and five years inclusive	87	166
Due in over five years	<u>-</u>	<u>2</u>
	<u>168</u>	<u>256</u>

The Salix loans are repayable in equal six-monthly instalments. The CIF loans are repayable in equal monthly instalments.

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

19 FUNDS

	Balance at 1 Sept 2020 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2021 £'000
Restricted general funds					
General Annual Grant (GAG)	-	37,610	(38,105)	495	-
Pupil Premium	-	2,056	(2,056)	-	-
UIFSM	-	407	(407)	-	-
Catch-up premium	-	615	(409)	-	206
DfE/ESFA Covid-19 funding	-	344	(344)	-	-
Other DfE/ESFA grants	-	3,109	(3,109)	-	-
LEA and other grants	-	2,127	(2,127)	-	-
Coronavirus Job Retention Scheme	-	182	(182)	-	-
Other LA Covid-19 grants	-	239	(239)	-	-
Other restricted income	-	113	(113)	-	-
Teaching School	306	2,048	(1,802)	(40)	512
	306	48,850	(48,893)	455	718
Pension reserve	(27,229)	-	(4,077)	715	(30,591)
	(26,923)	48,850	(52,970)	1,170	(29,873)
Restricted fixed asset funds					
DfE/ESFA capital grants	5,243	1,266	(690)	-	5,819
Other capital income	2,599	69	(119)	-	2,549
Transferred on conversion	92,314	-	(2,320)	-	89,994
Capital expenditure from GAG	2,505	-	(382)	507	2,630
	102,661	1,335	(3,511)	507	100,992
Total restricted funds	75,738	50,185	(56,481)	1,677	71,119
Unrestricted funds					
Unrestricted funds	1,883	3,043	(2,227)	(962)	1,737
Total unrestricted funds	1,883	3,043	(2,227)	(962)	1,737
Total funds	77,621	53,228	(58,708)	715	72,856

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

- (i) Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.
- (ii) The restricted general fund balances carried forward relate to unspent catch-up premium and Teaching School surpluses.
- (iii) Restricted Fixed Asset funds relate to income received from the DfE, other government grants and transfers from GAG income and unrestricted funds. The fund balance includes donated assets relating to school buildings. Depreciation relating to the assets procured is charged against these funds over the life of the assets.
- (iv) Unrestricted funds relate to surpluses brought across on conversion and self-generated income since conversion.

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

19 FUNDS (continued)

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

	Balance at 1 Sept 2019 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
General Annual Grant (GAG)	-	34,880	(34,242)	(638)	-
Pupil Premium	-	1,962	(1,962)	-	-
UIFSM	-	413	(413)	-	-
DfE/ESFA Covid-19 funding	-	60	(60)	-	-
Other DfE/ESFA grants	-	3,120	(3,120)	-	-
LEA and other grants	11	1,911	(1,922)	-	-
Coronavirus Job Retention Scheme	-	439	(439)	-	-
Other restricted income	-	206	(206)	-	-
Teaching School	216	1,644	(1,437)	(117)	306
	227	44,635	(43,801)	(755)	306
Pension reserve	(18,962)	-	(2,796)	(5,471)	(27,229)
	(18,735)	44,635	(46,597)	(6,226)	(26,923)
Restricted fixed asset funds					
DfE/ESFA capital grants	4,044	1,546	(347)	-	5,243
Other capital income	1,563	1,231	(195)	-	2,599
Transferred on conversion	94,623	-	(2,309)	-	92,314
Capital expenditure from GAG	1,935	-	(188)	758	2,505
	102,165	2,777	(3,039)	758	102,661
Total restricted funds	83,430	47,412	(49,636)	(5,468)	75,738
Unrestricted funds					
Unrestricted funds	1,561	2,873	(2,548)	(3)	1,883
Total unrestricted funds	1,561	2,873	(2,548)	(3)	1,883
Total funds	84,991	50,285	(52,184)	(5,471)	77,621

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

19 FUNDS (continued)

Analysis of academies by fund balance

Fund balances at 31 August 2021 were allocated as follows:

	2021	2020
	£'000	£'000
Harrogate Grammar School	1,181	881
Western Primary School	27	72
Oatlands Community Junior School	(25)	46
Rossett Acre Primary School	160	198
Crawshaw Academy	(721)	(557)
Coppice Valley Primary School	77	79
Austhorpe Primary School	(10)	42
Temple Learning Academy	587	801
Temple Moor High School	67	(62)
Colton Primary School	80	124
Meadowfield Primary School	578	482
Templenewsam Halton Primary School	195	253
Whitkirk Primary School	(2)	38
TNLP Cluster	166	169
Children's Centre	24	21
Teaching School	512	306
Central services	(441)	(704)
Total before fixed assets and pension reserve	2,455	2,189
Restricted fixed asset fund	100,992	102,661
Pension reserve	(30,591)	(27,229)
Total	72,856	77,621

The deficit situation at Crawshaw Academy continues to receive significant focus and plans to rationalise the unsustainable Sixth Form provision are advancing. The school and its Local Governing Body continue to review the use of scarce resources and will benefit as pupil numbers continue to grow and lagged funding improves. The school is using Integrated Curriculum Financial Planning techniques and projects that the deficit will be recovered over a three-year period.

Oatlands Junior School suffered a higher in-year deficit in 2020/21 than budgeted, as staffing costs increased, partially as a result of Covid-related pressures. This led the school into an unanticipated cumulative deficit which is projected to be recovered over the next two financial years as the school continues to grow pupil numbers positively following its recent expansion.

Austhorpe Primary School suffered a reduction in trading income due to Covid, but budgets to recover its cumulative deficit in 2021/22.

Whitkirk Primary School has incurred a very small cumulative deficit and will continue to monitor its financial situation very closely. Financial pressures will continue in 2021/22, as lagged funding from pupil growth takes time to work through, before the budget deficit is forecast to be recovered in 2022/23.

The Central budget deficit has reduced as expected as schools have contributed an agreed additional 1% of GAG in 2020/21 which will recur in 2021/22 as we recover the planned investment in systems and ICT infrastructure. The Central budget deficit will reduce significantly in 2021/22, but it remains a priority to address the underlying deficit with a strong preference to grow the Trust sustainably now that the core systems and infrastructure are in place to accommodate growth.

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

19 FUNDS (continued)

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs (excluding Dep'n) £'000	Total 2021 £'000	Total 2020 £'000
Harrogate Grammar School	7,263	2,132	1,015	1,876	12,286	11,442
Western Primary School	1,607	503	44	247	2,401	2,209
Oatlands Community Junior School	978	204	40	221	1,443	1,321
Rossett Acre Primary School	1,303	238	38	270	1,849	1,755
Crawshaw Academy	4,410	951	377	793	6,531	5,798
Coppice Valley Primary School	682	182	26	149	1,039	914
Austhorpe Primary School	764	184	36	120	1,104	1,053
Temple Learning Academy	3,965	1,072	362	570	5,969	4,059
Temple Moor High School	5,579	1,272	231	924	8,006	7,960
Colton Primary School	940	283	51	143	1,417	1,322
Meadowfield Primary School	2,162	671	69	330	3,232	2,957
Templenewsam Halton Primary School	1,595	470	67	239	2,371	2,258
Whitkirk Primary School	1,196	352	93	294	1,935	1,902
TNLP Cluster	158	221	5	9	393	403
Children's Centre	80	91	1	21	193	172
Teaching school	612	302	-	888	1,802	1,437
Central services	737	1,688	85	716	3,226	2,183
Academy Trust	34,031	10,816	2,540	7,810	55,197	49,145

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2021 are represented by:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Intangible fixed assets	-	-	258	258
Tangible fixed assets	-	-	100,734	100,734
Current assets	1,888	4,747	918	7,553
Current liabilities	(151)	(4,029)	(831)	(5,011)
Non-current liabilities	-	-	(87)	(87)
Pension scheme liability	-	(30,591)	-	(30,591)
Total net assets	1,737	(29,873)	100,992	72,856

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

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

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Intangible fixed assets	-	-	288	288
Tangible fixed assets	-	-	101,804	101,804
Current assets	1,962	3,856	2,459	8,277
Current liabilities	(79)	(3,550)	(1,722)	(5,351)
Non-current liabilities	-	-	(168)	(168)
Pension scheme liability	-	(27,229)	-	(27,229)
Total net assets	1,883	(26,923)	102,661	77,621

21 COMMITMENTS UNDER OPERATING LEASES

OPERATING LEASES

At 31 August 2021, the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £'000	2020 £'000
Amounts due within one year	44	47
Amounts due between one and five years	94	21
	138	68

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

22 RECONCILIATION OF NET EXPENDITURE TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2021 £'000	2020 £'000
Net expenditure	(5,480)	(1,899)
Taxation credit	(4)	(9)
Amortisation (note 11)	66	10
Depreciation (note 12)	3,463	3,051
Capital income	(1,335)	(2,777)
Profit on disposal of fixed assets	(18)	(22)
Interest receivable (note 3)	(9)	(18)
Pension cost less contributions payable (note 29)	3,634	2,455
Pension finance cost (note 29)	443	341
Decrease / (increase) in stocks	1	(6)
Increase in debtors	(522)	(252)
Increase in creditors	364	466
Net cash provided by Operating Activities	603	1,340

23 CASH FLOWS FROM INVESTING ACTIVITIES

	2021 £'000	2020 £'000
Interest received	10	18
Purchase of intangible fixed assets	(36)	(288)
Purchase of tangible fixed assets	(3,093)	(3,898)
Purchase of current asset investments	-	(1,500)
Receipt from current asset investments	1,000	-
Capital grants and donations received	2,161	2,789
Proceeds from sale of tangible fixed assets	21	26
Net cash flow from investing activities	63	(2,853)

24 CASH FLOWS FROM FINANCING ACTIVITIES

	2021 £'000	2020 £'000
Repayment of loans	(88)	(76)
Net cash flow from financing activities	(88)	(76)

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

25 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2021 £'000	2020 £'000
Current accounts	<u>4,467</u>	<u>3,885</u>
	<u>4,467</u>	<u>3,885</u>

26 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 September 2020 £'000	Cash flows £'000	Non-cash movements £'000	At 31 August 2021 £'000
Cash and cash equivalents	3,885	582	-	4,467
	3,885	582	-	4,467
Loans due within one year	(88)	88	(81)	(81)
Loans due after more than one year	(168)	-	81	(87)
	<u>3,629</u>	<u>670</u>	<u>-</u>	<u>4,299</u>

27 CAPITAL COMMITMENTS

	2021 £'000	2020 £'000
Assets under construction	<u>70</u>	<u>850</u>

28 MEMBERS' LIABILITY

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

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

29 PENSION AND SIMILAR OBLIGATIONS

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

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

Contributions amounting to £748,677 (2020 - £664,867) were payable to the schemes at 31 August 2021 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pensions 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 four years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019.

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £4,203,000 (2020 - £3,812,000).

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

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

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

29 PENSION AND SIMILAR OBLIGATIONS (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate Trustee-administered funds. The Academy Trust has employees in both the North Yorkshire Pension Fund and the West Yorkshire Pension Fund.

The total contribution made to these funds for the year ended 31 August 2021 was £3,107,000 (2020 - £2,664,000), of which employer's contributions totalled £2,362,000 (2020 - £2,022,000) and employees' contribution totalled £745,000 (2020 - £642,000). The agreed employer's contribution rates for future years are 18.3% and 16.8% for the North Yorkshire Pension Fund and the West Yorkshire Pension Fund respectively. The agreed employee contribution rates for future years range between 5.5% and 12.5% for both schemes.

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

North Yorkshire Pension Fund

	At 31 August 2021	At 31 August 2020
Rate of increase in salaries	3.85%	3.55%
Rate of increase for pensions in payment/inflation	2.60%	2.30%
Discount rate for scheme liabilities	1.70%	1.70%
Inflation assumption (CPI)	2.60%	2.30%
Commutation of pensions to lump sums	75.00%	75.00%

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

	At 31 August 2021	At 31 August 2020
<i>Retiring today</i>		
Males	21.9	21.8
Females	24.0	23.9
<i>Retiring in 20 years</i>		
Males	23.6	23.5
Females	25.8	25.7

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

29 PENSION AND SIMILAR OBLIGATIONS (continued)

West Yorkshire Pension Fund

	At 31 August 2021	At 31 August 2020
Rate of increase in salaries	3.85%	3.55%
Rate of increase for pensions in payment/inflation	2.60%	2.30%
Discount rate for scheme liabilities	1.70%	1.70%
Inflation assumption (CPI)	2.60%	2.30%
Commutation of pensions to lump sums	75.00%	75.00%

	At 31 August 2021	At 31 August 2020
<i>Retiring today</i>		
Males	21.9	21.8
Females	24.7	24.6
<i>Retiring in 20 years</i>		
Males	22.6	22.5
Females	25.8	25.7

Sensitivity analysis

The approximate impact of changing key assumptions on the present value of the funded defined benefit pension obligation is detailed below. In each case, only the assumption listed is altered; all other assumptions remain unchanged. A positive value represents an increase in the defined benefit pension obligation:

	At 31 August 2021 £'000	At 31 August 2020 £'000
Discount rate +0.1%	(1,646)	(1,352)
Discount rate -0.1%	1,671	1,372
Mortality assumption – 1-year increase	(2,418)	(1,899)
Mortality assumption – 1-year decrease	2,442	1,952
CPI rate +0.1%	1,399	1,147
CPI rate -0.1%	(1,374)	(1,127)

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

29 PENSION AND SIMILAR OBLIGATIONS (continued)

Principal actuarial assumptions (continued)

The Academy Trust's share of the assets and liabilities in the schemes were:

	Fair value at 31 August 2021 £'000	Fair value at 31 August 2020 £'000
Equities	24,656	18,204
Government bonds	3,442	3,392
Other bonds	1,447	831
Property	1,553	1,302
Cash	682	603
Other	1,906	1,192
Total market value of assets	33,686	25,524
Present value of scheme liabilities		
- Funded	(64,277)	(52,753)
Surplus/(deficit) in the scheme	(30,591)	(27,229)

The actual return on scheme assets was £5,501,000 (2020 - £1,157,000).

Amounts recognised in the Statement of Financial Activities	2021 £'000	2020 £'000
Current service cost	5,996	4,477
Past service cost	-	-
	5,996	4,477
Pension finance cost	443	341
Total operating charge	6,439	4,818
Amounts recognised in Other Comprehensive Income	2021 £'000	2020 £'000
Asset gains arising in the period	5,044	717
Liability losses arising in the period	(4,329)	(6,188)
Total amount recognised in other comprehensive income	715	(5,471)

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

29 PENSION AND SIMILAR OBLIGATIONS (continued)

Changes in the present value of defined benefit obligations were as follows:	2021	2020
	£'000	£'000
At 1 September	52,753	40,856
Current service cost	5,996	4,477
Interest cost	900	781
Employee contributions	745	642
Actuarial loss	4,329	6,188
Net benefits paid out	(446)	(191)
At 31 August	64,277	52,753
 Changes in the fair value of Academy Trust's share of scheme assets	 2021	 2020
	£'000	£'000
At 1 September	25,524	21,894
Interest income on assets	457	440
Remeasurement gains on assets	5,044	717
Employer contributions	2,362	2,022
Employee contributions	745	642
Benefits paid	(446)	(191)
At 31 August	33,686	25,524

The estimated value of employer contributions for the year ended 31 August 2022 is £2,491,000.

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

30 RELATED PARTIES

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

Subsidiary undertaking

HGS Ventures Limited is a wholly owned subsidiary undertaking of Red Kite Learning Trust. During the period, the Trust received a gift-aid donation of £509,150 from HGS Ventures Limited. As at 31 August 2021, HGS Ventures Limited owed £540,374 to Red Kite Learning Trust.

Collaborative Learning Trust

Collaborative Learning Trust is an academy in which the wife of Mr R Sheriff is the Headteacher (Mrs J Sheriff). During the period, the Trust provided services at cost in the sum of £14,775 (2020 - £17,972) to Collaborative Learning Trust and made purchases of £11,700 (2020 - £21,571) from that academy. As at 31 August 2021, the Trust owed £5,650 (2020 - £Nil) to Collaborative Learning Trust.

31 AGENCY ARRANGEMENTS

16-19 Bursary Fund

The Academy Trust administers the disbursement of the discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. In the year it received £46,087 and disbursed £45,947. An amount of £41,379 (2020 - £41,239) was unspent as at 31 August 2021 and included in creditors.

School Centred Initial Teacher Training (SCITT) Bursary

The Academy Trust is a provider of School Centred Initial Teacher Training and administers the disbursement of bursary funding on behalf of the National College of Teaching and Learning (NCTL). In the year, the Academy Trust received £1,348,900 from the NCTL and disbursed £1,383,400. An amount of £56,900 was overspent and due back to the Trust (2020 - £22,400 overspent) as at 31 August 2021 and included in debtors.

Yorkshire Leadership Community Funds

The Yorkshire Leadership Community (YLC) is a collaboration between several Teaching School Alliances in partnership with a number of Local Authorities and other educational organisations. The YLC is controlled by a separate steering group constituted from the various member organisations. During the period, the Academy Trust administered funds on behalf of the YLC and received funds of £105,048 and disbursed £182,760. An amount of £142,576 (2020 - £220,288) was unspent as at 31 August 2021. At a meeting of the YLC steering group on 30 March 2021, it was agreed that any unspent funds of the YLC as at 31 August 2021 would be transferred to Red Kite Learning Trust to use for certain agreed Teaching School activities. Accordingly, the remaining balance, with the exception of £2,500 to be reimbursed to the YLC, has been recognised as part of the Teaching School's income in these financial statements.

Red Kite Learning Trust
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 August 2021

32 TEACHING SCHOOL TRADING ACCOUNT

	2021			2020		
	£'000	£'000	£'000	£'000	£'000	£'000
INCOME						
Subscription fees		169			153	
ESFA grants		210			350	
SCITT income		1,490			1,106	
Other income		179			35	
			2,048			1,644
EXPENDITURE						
Direct expenditure						
Direct staff costs	612			456		
Other direct costs	663			610		
Total direct costs		1,275			1,066	
Other costs						
Support staff costs	302			215		
Occupancy costs	83			86		
Other support costs	142			70		
		527			371	
Total expenditure			(1,802)			(1,437)
Surplus			246			207
Transfer between funds			(40)			(117)
Surplus from all sources			206			90
Teaching School balances at 1 September			306			216
Teaching School balances at 31 August			512			306