

Company Registration Number: 07552665 (England & Wales)

Coastal Academies Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2023



Coastal Academies Trust
(A Company Limited by Guarantee)

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Reference and Administrative Details of the Trust, its Directors and Advisers For the Year Ended 31 August 2023

Members	Mr. R. Curtis P. J. Luxmoore Mr. N.A. Smith (appointed 30 January 2023) Mr P J Rodd (resigned 30 January 2023)
Directors	Mr. D. Roberts, Chair of the Board (appointed Chair 10 July 2023) ¹ Mr. G. Berry, Chair of Finance Committee (appointed 10 July 2023) ¹ Mr. A. Brookes – Vice Chair of the Board (appointed vice Chair 10 July 2023) Mrs. V. Crawley (appointed 25 Sept 2023) Mr. R. Curtis ¹ Mr. M. Emery ¹ Ms. K. Greig, Executive Headteacher and Accounting Officer ¹ Ms. M. Hooper Ms V. A. Pottinger (appointed on 10 October 2022) Ms. K. Sharp (appointed 10 July 2023) Mr. N. Smith (resigned 30 Jan 2023) Ms. S. Woodward (resigned 30 Jan 2023)

¹ member of the Finance Committee

Company registered number	07552665
Principal and registered office	King Ethelbert School Canterbury Road Birchington Kent CT7 9BL
Company secretary	Mrs. J. Brace
Senior management team (at the date of approval)	Ms. K. Greig, CEO of Coastal Academies Trust Mrs. J. Brace, Chief Financial Officer Mr. M. Jones, Headteacher - Dane Court Grammar Mr S. Pullen, Headteacher – The Royal Harbour Academy Mrs. H. J. Russell, Chief Operations Manager Mr T. Sellen, Headteacher - King Ethelbert School Mr. M. Tate, Headteacher - Hartsdown Academy Ms. C. Whichcord, Headteacher - Cliftonville Primary School
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants Registered Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ
Bankers	Lloyds Bank plc 25 Gresham Street London EC2V 7HN

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Directors' Report
For the Year Ended 31 August 2023

The Directors present their annual report, together with the audited financial statements of Coastal Academies Trust (the Trust) for the year ended 31 August 2023.

The Directors confirm that the annual report and financial statements of the Trust comply with the current statutory requirements.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Coastal Academies Trust (CAT) is a company limited by guarantee and is an exempt charity. The Trust's articles of association are the primary governing document. Funding for educational activities is governed by a master funding agreement between the Trust and the Secretary of State for Education.

Principal activities

The principal objective of the Trust is the delivery of education for the public benefit through the operation of a group of academies. To provide outstanding education for students aged between 3 and 18.

The Trust's accounts for 2022/23 include the operation of 5 academies, Cliftonville Primary School, Dane Court Grammar School, Hartsdown Academy, King Ethelbert School and The Royal Harbour Academy which converted to academy status and joined CAT on 1 April 2023.

CAT's academies have a combined pupil capacity of 5,496 and had a roll of 4,510 in July 2023.

Members

The initial Members of the Trust were the signatories to the Memorandum of Association. Membership terminates automatically pursuant to Article 15d when any Member, also being a Director, ceases to be a Director.

Members' liability

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

Directors

Directors hold their office as the Chair of the Local Governing Boards (Article 46d), appointed by Members (Article 46a) or co-opted by Directors (Article 58).

Directors' indemnities

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

Details of Directors' and officers' insurance is provided in note 14.

Method of recruitment and appointment or election of Directors

The Articles of Association require the appointment of at least three Directors of the Trust. Members may appoint up to eight Directors (Article 46a). The Chair of each Local Governing Body is automatically registered as a Director (Article 46d). The Directors may also appoint up to three Co-opted Directors (Article 58).

Procedures adopted for the induction and training of Directors

Training and induction is tailored to new Directors as appropriate to their requirements and previous experience. The Trust Directors have access to policies, procedures, minutes, budgets, accounts and other relevant plans and documents that they need to fulfil their role.

Directors' term of office

The term of office for any Director shall be four years save that:

- a) the term of office may be shorter than four years for any Director appointed by the Members under Article 46(a) if the Members determine this at the time of appointment of such a Director; or
- b) in the case of a Director appointed ex officio as a Chair of Governors, his or her term of office should be for as long as they are a Chair of Governors.

Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

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All Directors are also act as trustees for the purpose of charity law.

Organisational Structure

The Directors have delegated the day-to-day governance of each academy to a School Board (SB), established as a sub-committee of the Trust Board. In the case of Dane Court Grammar School and King Ethelbert School, this has been a single group since the two schools federated in 2009. The Headteacher from each academy attends Trust Board meetings.

Royal Harbour Academy converted to join Coastal Academies Trust on the 1st April 2023.

The Directors have established a Finance Committee as a sub-committee of the Trust Board to co-ordinate and monitor the finances of the Trust in addition to Risk Management & Audit, H&S and Estates Management. The Directors have also established an Academic Standards Committee to monitor teaching & learning standards & outcomes across the Trust.

Arrangements for setting pay and remuneration for key management personnel

The key management personnel of the academy trust comprise the Directors and senior management team as disclosed on page 1.

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the board. Naturally, the senior management team are not involved in the setting of their own remuneration package.

Only staff Directors, including the CEO, are remunerated and these individuals only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as trustees. Specific disclosures concerning staff Directors' remuneration is included in note 13.

The day to day running of the remuneration policy is delegated to the Headteacher in each school. All details of setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed regularly by the CAT Finance Committee & Trust Board.

Remuneration of key management personnel is set at an individual level, and where possible the Directors have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are, wherever possible, linked to pay spines, helping trustees conclude that each individual is remunerated at an appropriate level. As such salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

The Board always bears in mind the charitable status of the academy trust and in recognition of this fact the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensure the remuneration paid to senior management personnel never exceeds a reasonable amount that provides value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money. Total remuneration paid to senior management personnel is set out in note 11(d).

Trade union facility time

Relevant Union Officials:

Number of employees who were relevant union officials during the year	Full time equivalent employee number
1	0.6
Percentage of time spent on facility time:	Number of employees
100%	1
Percentage of pay bill spent on facility time:	
Total Cost of facility time (reclaimed back)	£25,537 (claimed back)
Total Pay Bill	£22,066,947
Percentage of total pay bill spent on facility time	0.12%
Time spent on paid trade union activities as a percentage of total paid facility time hours	100%

Connected organisations, including related parties

The only connected organisation is the Dane Court School Parents Association (charity number 1023394).

Engagement with employees (including disabled persons)

The trust delegates the responsibility to the CEO and Headteachers of each school to provide employees with information on matters of concern to them through staff briefings and other appropriate communication forums. Staff representatives sit on local school

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boards. The trust continues to recognise trade unions. Trust policies, which affect employee's interests, are consulted upon with both employees and their trade unions in order that the trust can consider employees' views in making decisions. The trust aims to encourage the involvement of employees in the Trust's performance and achieve a common awareness on the part of all employees of the factors affecting performance by delegating to the Headteachers and local school boards to disseminate information to their employees. This includes, but not limited to, student data, financial data as appropriate and School Plans for each academic year.

The trust is positive about disabled people and its policy is to interview those applicants with a disability where they meet the minimum requirements for the post. The trust would not treat disabled employees any less favourably in respect of training, career development or promotion.

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

The trust delegates the responsibility to the Executive Headteacher and Headteachers of each school to foster the school's business relationships with key stakeholders including suppliers, customers and the wider community.

OBJECTIVES AND ACTIVITIES

The principal objective of the Trust is the delivery of education for the public benefit through the operation of a group of academies. To provide outstanding education for students aged between 3 and 18. A more detailed summary is provided in each school's prospectus or on each school's website.

In accordance with the articles of association the academy trust has adopted a "Scheme of Government" (Master Funding Agreement) approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the schools and that the curriculum should comply with the substance of the national curriculum.

The major outcomes for the year included Royal Harbour joining the Trust. Maintaining delivery of the best education possible to all students, raising the achievement of all students and improving the quality of teaching, Delivery of our successful Leadership pathways program. Our first whole trust staff CPD day focussed on teaching and learning. A successful IB authorisation visit. The establishment of a trust attendance group to develop strategies to support increased attendance. A whole trust safeguarding review completed by the trust safeguarding director with positive findings. Appointment of a Trust Estates Officer to oversee the estates and H&S.

Public benefit

The Trust is state funded and strives to promote and support the advancement of education within Thanet. Each school has its own admissions criteria as set out in the Master Funding Agreement; Dane Court Grammar School selects students aged 11 to 18 who have passed the Kent Test; Hartsdown Academy is a non-selective 11-18 school, King Ethelbert School is a non-selective 11 to 16 school, The Royal Harbour is a non-selective 11-18 school and Cliftonville Primary School admits children aged 3 to 11. For all schools the catchment area can vary but is determined by each school's admission criteria. The Trust plays an active role in the local community including sporting activities, fundraising for charities and much more. The trust buildings and land are often available for community use outside of school hours.

The Directors acknowledge their duty in Section 4 of the Charities Act 2011 to have regard to the general and specific guidance on public benefit issued by the Charities Commission. We have referred to this guidance when reviewing our aims, strategy and plans for the future. All activities undertaken by the Trust are for the public benefit.

STRATEGIC REPORT

Achievements and performance

Academic performance of the Trust's academies during the year was as follows:

NB there were no exams due to Covid 19 and the results were based on Teacher Assessed Grades for 2020 & 2021.

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KS4 results 22/23												
	Provisional Progress 8			Attainment 8			% L4 En and Ma			% L5 En and Ma		
School	2023	2022	2019	2023	2022	2019	2023	2022	2019	2023	2022	2019
DGCS	0.71	0.27	0.05	68.97	67.3	63.5	98.82	99	97	92.94	95	85
HA	-0.36	-1.01	-1.45	38.08	28.4	21.5	41	40	18	23	15	7
KES	-0.14	-0.33	-0.38	42.40	40.4	39.1	61	57	46	29	24	22
RHA	-0.79	-0.62	-1.19	30.77	32.22	28.6	33	29	26	16	13	12

IBDP Results						
	% students with 24 points or above			Average IB points		
School	2023	2022	2019	2023	2022	2019
DCGS	100	100	100	5.5	5.8	5.3

IBCP Results									
	% certificate awarded			% pass rate Voc			Average IB points		
School	2023	2022	2019	2023	2022	2019	2023	2022	2019
DCGS	100	100	100	100	100	96	5.3	5.0	4.6
KES	88	94	91	100	100	100	4.1	3.9	4.2
HA	85	100	100	95	89	100	4.09	4.6	4.3
RHA	94	85	82	100	100	100	3.9	3.9	3.7

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Cliftonville Primary School Attainment					
		2022		2023	
		Cliftonville	National	Cliftonville	National
R/W/M expected		49.1	59	50.5	59
R/W/M higher standard		3.7	7.2	2.9	8.0
Reading expected+		61.8	74	60	73
Reading higher standard		25.5	27.8	30.5	29.0
Writing expected +		56.0	69	62.9	71
Writing greater depth		4.6	12.8	7.6	13.3
Maths expected+		66.1	71	63.8	73
Maths higher standard		13.8	22.4	16.2	23.8
GPS expected+		62.7	72	60.0	72.0
GPS higher standard		27.3	28.3	22.9	30.1
		2018	2019	2022	2023
Progress	Reading	-0.8	-0.7	-0.5	-0.9
	Writing	-2.4	-1.1	-0.2	-1.4
	Maths	1.1	0.8	0.8	-1.3

There were no KS2 tests at primary schools due to Covid-19 therefore data for the above is for the last 2 years when tests took place.

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Year Two Priorities End of Year Report

2022-23

Aim One: Employer of Choice

AIM	STRENGTHS	AREAS FOR DEVELOPMENT
1. a) Leadership pathways	<ul style="list-style-type: none"> Key strength of the Trust Delivery and relevance praised by all participants Evidence of positive impact High quality facilitators External speakers drives reputation even further 	<ul style="list-style-type: none"> More consistency needed at each school on selection process How do we keep interest/development after the course? HT course nearing competition Use of governors/Trustees still undeveloped
1. b) ECT	<ul style="list-style-type: none"> Change of key assessor with all using Thames Gateway Bespoke CAT model with agreement on hybrid training 	<ul style="list-style-type: none"> Variable school practice for individual ECT teachers Whole Trust review of strengths and areas of development needed
2. Cross-CAT CPD	<ul style="list-style-type: none"> High quality day brought all staff together 	
3. Cross-CAT Training / networking for support staff	<ul style="list-style-type: none"> Many different teams meet regularly and relationships developing. Much better year for natural collaboration to happen. 	<ul style="list-style-type: none"> Teaching assistant training would be beneficial to drive up quality and recruitment.
4. PSHE/RSE	<ul style="list-style-type: none"> Trust review led to clarity/focus and assurance that new policies were being adhered to Trial of NCFE qualifications cross CAT schools Networking developed Wellbeing firmly established in each school 	<ul style="list-style-type: none"> Second review to show development would be helpful.
5. Recruitment and retention of staff	<ul style="list-style-type: none"> Mixed impact of national teaching shortage: HA/CPS no issues with recruitment this year. KES/DC - more issues, particularly in key areas of maths/science/MFL/ English Better school adverts Good relationships with recruitment partners Review of staff 'packages' Reputation of leadership pathways has been beneficial 	<ul style="list-style-type: none"> New CAT letter needed More explicit career pathways made more of at advert/interview stage Use centralisation of exit interviews to gather more evidence about the profession and what staff want.

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Aim Two: School of Choice

AIM	STRENGTHS	AREAS FOR DEVELOPMENT
1. Ofsted Preparation	<ul style="list-style-type: none"> Embedded good practice with all schools supporting each other This is a point of envy from other schools who do not have the same level of challenge and support 	
2. Student Outcomes	<ul style="list-style-type: none"> Academic Achievement Committee has focus and challenge Cliftonville much more involved this year Strategies shared with AB/KG Attendance now part of the termly tracking which helps sharpen good practice 	<ul style="list-style-type: none"> Need more opportunities for <u>strategy</u> sharing led by AB/KG
3. Sixth Form	<ul style="list-style-type: none"> Excellent and successful authorisation visit Excellent Sixth Form networking led by JR Marketing strategy in process of development with VP/KG/JR 	<ul style="list-style-type: none"> Primary school involvement needs developing <ul style="list-style-type: none"> - Year 5 and Year 12 students - Messages to parents at a much younger age
4. Full PAN	<ul style="list-style-type: none"> All schools a PAN and beyond for year of entry; primary and secondary Year 5 visits to secondary schools to use facilities have improved greatly this year 	
5. Attendance	<ul style="list-style-type: none"> Good CAT team meet termly to discuss attendance strategies/data/issues Good lead - AF from Cliftonville 	<ul style="list-style-type: none"> Ongoing issue with slow progress to shift attendance on

Aim Three: Trust of Choice

AIM	STRENGTHS	AREAS FOR DEVELOPMENT
1. Communication and Public Perception	<ul style="list-style-type: none"> The reputation of CAT with DfE/KCC and other local schools has increased significantly this year Increased numbers in all schools 	<ul style="list-style-type: none"> Social media used well in schools but CAT needs more social media presence
2. Review of Governance	<ul style="list-style-type: none"> Trust Board strengthened considerably with key directors having influential roles: risk, IB, Academic Group, safeguarding Succession planning for Chair of Governors changes with excellent new directors appointed 	<ul style="list-style-type: none"> Discussions started on structuring things going forward which now needs developing
3. Safeguarding Review	<ul style="list-style-type: none"> Carried out by Director. Report received in Dec 2022. Hugely beneficial for Cliftonville during Ofsted as a further layer of scrutiny 	
4. Transition or RHA	<ul style="list-style-type: none"> 1st April 2023 	
5. Review H & S Provision	<ul style="list-style-type: none"> H&S policies and procedures under the support of Armadillo 	

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Aim Three: Trust of Choice

AIM	STRENGTHS	AREAS FOR DEVELOPMENT
6. Estate Management	<ul style="list-style-type: none"> Appointed Trust Estates Officer for estate management and Health and Safety 	
7. Increase by One Primary School	<ul style="list-style-type: none"> Newington Community Primary School joining the CAT next academic year 	

Ofsted Outcomes

Cliftonville - Outstanding - November 2016: Section - 8 Jan 23 with no change to the overall judgement.

Dane Court - Good - June 2022

King Ethelbert - Good - Oct 2019

Hartsdown - Good - Dec 2021

The Royal Harbour Academy – RI - Jan 2020

Key performance indicators

Every Board meeting Directors received updates on student performance from the Academic Standards Committee; trust priorities and financial and risk monitoring reports from the Finance and Audit Committee. The CEO provided the Directors with an end of year report on the year 2 priorities of the strategic business plan to set out successes and areas for further development. The trust has 3 aims – To be The Employer of Choice, The School of Choice and The Trust of Choice, Strong take up on the leadership pathways courses resulting in promotion for staff in the trust. Increase in first choices for Hartsdown and RHA. Full PAN at each school. Improved outcomes at KS4 and 5. DfE stating the trust is a strong trust.

Throughout 2022/23 the Trust continued to ensure, appropriate provision was in place for 'catch up' after the pandemic. Focus continued on academic standards through the Academic and Standards committee, which monitored data and standards through the implementation of a program of "deep dives".

Every Board meeting Directors receive a report from the CAT finance committee which monitors each school's financial performance closely. Financial KPI's are agreed at the beginning of the academic year and published with the monthly management reports in areas such as staff costs as a percentage of total expenditure, total income & expenditure per pupil both budget and forecast.

The Board consider the following to be key financial performance indicators:

- Accounts to be filed with Companies House and on the Trust website by 31 January of the following year.
- All statutory returns are to be submitted on time.
- All schools are expected to bring in a 'balanced budget' and explain reasons for variances unless otherwise instructed when the budgets are set. At least annually the Directors are presented with various benchmarking reports to ensure economy, efficiency and effectiveness over the use of Trust funds (value for money).

All KPI's were met during the year.

Each school aims to continue to recruit and retain students at their full published admission numbers. Dane Court Grammar School & King Ethelbert School were all over subscribed in 2022/23 with Royal Harbour & Hartsdown both increasing first choices and overall admissions numbers.

The Trust has sought to maintain a cash balance that will enable each school to meet all expectations and plan for unforeseen circumstances.

Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Trust has adequate resources to continue operating for the foreseeable future. For this reason it has adopted the going concern basis to prepare these Financial Statements.

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Directors' Report

For the Year Ended 31 August 2023

Promoting the success of the Trust

The Board in its decision making have consistently acted in a way to have regard to:

- ***The likely consequences of any decision in the long term***
All key decisions that will have an impact on the long-term future of the charity are discussed at the relevant sub-committee and Board. For major and long running projects, the board receives regular updates to ensure that there is appropriate oversight and that appropriate action is taken where necessary.
- ***The interest of the Trust's employees.***
The impact of major decisions on staff are discussed by the Board who also receive regular updates on staff pay, health & safety and safeguarding. The Board receives a summary of the annual engagement survey which highlights both strengths and areas for potential improvement on employment matters and how these will be mitigated through specific actions.
- ***The need to foster the Trust's business relationships with suppliers, customers and others***
The Board receives information on high level issues arising from relationships with suppliers or other stakeholders. The Board as appropriate discusses the nature of the relationships it wants with key stakeholders and the wider school community and there are clear processes for engagement through social media platforms and open events.
- ***The impact of the Trust's operations on the community and the environment***
CAT's key objective is to provide education for students within the Trust. The Board receives regular updates in terms of the monitoring of the funds received from the ESFA and that they are used efficiently and effectively.
- ***The desirability of the Trust maintaining a reputation for high standards of business conduct***
The nature of CAT's work as a charity makes the maintenance of its reputation for keeping high standards of particular importance. Appropriate systems and processes are in place to ensure the highest standards of education are maintained. The executive team will also update the board with any matters that may have given rise to a reputational risk including any mitigating actions being taken.
- ***The need to act fairly as between members of the Trust***
The academy trust is an independent entity. As a limited by guarantee company the Trust has members, and at 31 August 2020 had 3 members. Members all have equal voting rights. As responsibility to conduct the trust's business sits with the trustees, the members adopt an 'eyes on and hands off' to avoid compromising the board's discretion.

FINANCIAL REVIEW

Financial review and position

Most of the Trust's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2023 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA"). Core grant income has been supplemented by capital funding, and various other income streams.

Total income for the year was £45.97m compared to £25.07m in the previous year. The principal reason for the increase is the £13.4m donation included within note 3 to reflect the net value of assets and liabilities transferred into the Trust when Royal Harbour Academy (RHA) joined on 1 April 2023.

These totals also include capital funding of £3.2m and £2.0m respectively, which means that revenue income for the day-to-day running of the trust's academies has increased to £29.3m from £23.1m. Just under £4m of this increase is attributable to RHA income. Most of this revenue income relates to the funding for education operations, as detailed in note 5.

Capital income for 2022/23 of £3.2m comprised annual Devolved Capital funding and the one-off Additional Capital Funding paid to all of the Trust's academies, but more significantly £2.88m Condition Improvement Funding (CIF) for specific projects at four of the Trust's academies.

Total expenditure for the year was £36.59m resulting in net income for the year of £9.38m (2022: net expenditure of £384k), as shown on the SoFA. Total expenditure includes £6.323m for an impairment charge included to adjust the carrying value of some of the Trust's freehold property (see note 15).

The overall net movement in funds, after actuarial movements on the Local Government defined benefit pension scheme ("LGPS"), was an increase of £11.23m (2022: £12.77m).

It is important to note that this overall movement in funds does not reflect the meaningful operational result and includes movements that do not relate to day-to-day running of the Trust's academies. The table which follows has been included to reconcile to the more meaningful movement in revenue income funds, an increase of £542k (2022: £366k), and then to the operational result prior to revenue to capital contributions:

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	2023 (£000s)	2022 (£000s)
Overall net movement in funds for the year per SoFA	11,226	12,767
Increase attributable to fixed asset fund	(9,128)	(670)
LGPS actuarial gain	(1,844)	(13,151)
LGPS service and interest costs	161	1,420
LGPS liability inherited on conversion to an academy (RHA)	127	-
Increase in revenue income funds in the year	542	366
Add: Transfers from revenue to capital to fund fixed asset additions	561	250
Operational surplus on revenue income funds before transfers to capital	1,103	616

Since these financial statements provide information at trust level there is little detail about individual academies within them. Within note 19 there is a disclosure setting out the revenue carry forward balances at an individual level, and this reveals that Hartsdown Academy carried a deficit of £1.50m on revenue income funds at 31 August 2023 (2022: £1.58m). Note 19 explains why this has happened and the continued action being taken by Directors to return Hartsdown to an overall surplus position, which will take some time. The collective strength of the overall trust and its other academies continues to support Hartsdown.

At the end of August 2023, the net book value of assets amounted to £78.0m (2022: £63.2m), and a large proportion of the value sits in the land and buildings occupied by the Trust's academies. These buildings are used almost exclusively for educational operations and the associated support services to students in the academies.

RHA joined the Trust with an existing Private Finance Initiative (PFI) arrangement in place. RHA operates from two sites, with the 'lower' site connected to the PFI agreement. The on-going contractual commitments under this PFI agreement are disclosed on note 29.

The total funds of the Trust at 31 August 2023 amounted to £75.6m (2022: £64.4m). Of this total, £2.8m (2022: £2.4m) related to revenue funds, split between unrestricted funds and restricted revenue funds. In addition, the Trust was holding unspent capital funding, in cash terms, of £1.1m (2022: £481k) at the year end, which is included in the fixed asset fund balance which otherwise represents the net book value of capitalised assets held on the Trust's Balance Sheet.

The pension reserve, relating to the present value of the Local Government Pension Scheme (LGPS) defined benefit liability, shows a £nil balance at 31 August 2023 (2022: deficit of £1.6m). In accordance with accounting requirements, the Trust's share of LGPS is carried on the Balance Sheet, with movements each year quantified by the Local Authority's actuary and reflected through the SOFA. Last year the carried pension deficit fell significantly, and this trend continued during 2022/23. The valuation report received from the Local Authority appointed actuary indicated that a pension accounting surplus existed at 31 August 2023. The accounting standards state that if an employer has an accounting surplus, it should only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future, or through refunds. There are differing opinions as to the extent to which a pension surplus represents an "unconditional right" of employers and therefore the extent to which the surplus can be recognised as being of economic value, and to date the ESFA have been unable to give any guidance to academy trusts. The Directors have therefore taken the view that, since the Trust is a long-term employer open to new members, there is not a reasonable expectation of ever reaching a point of cessation and therefore being able to access a return of surplus. Accordingly, the surplus has not been included, and a break-even £nil position has been reflected on the Balance Sheet. The pension surplus is disclosed in note 2 and the actuarial assumptions and other movements in the year are disclosed in note 27.

It is noteworthy that any pension surplus or deficit is merely an accounting figure calculated under FRS 102 for the purposes of the financial statements, and has no direct effect on the employer contribution rate paid by the Trust, which is determined using longer-term funding assumptions. These contribution rates are reviewed every three years in consultation with the scheme's administrators, and current employer contributions due by the Trust are fixed until 1 April 2026.

Reserves policy

The Directors review the reserves policy of the Trust annually and their level is reviewed monthly. This review encompasses the nature of income and expenditure streams, the need to match income with commitments, the nature of reserves, the expected final outcome for the coming year, any exceptional needs that might need to be met by one or more of our academies, the central management needs for cross Trust initiatives and the Trusts capital investment programme for the coming year.

2022/23: Four of the Trust's five schools have seen their revenue fund balances increase during 2022/23, with only King Ethelbert seeing a small, planned, reduction, as a result of revenue to capital contributions to fund fixed asset acquisitions. The central trust revenue funds have also increased. It is the Directors' continuing intention that the level of reserves should be maintained at a level

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which provides sufficient working capital to cover delays between spending and receipt of grants, to provide a cushion to deal with unplanned needs and ensure the continued support of an individual school in the event that the financial position changes.

Directors consider it appropriate to hold free reserves equivalent to at least 5% of total annual recurring revenue grant income from the ESFA and Local Authority, which is in the region of £1.6m. Total funds held at 31 August 2023 are stated in the financial review above. The 'free' reserves i.e. those income funds held which are freely available for general purposes are the unrestricted element of revenue funds - £2.08m (2022: £1.8m). The Directors are satisfied with the current level of free reserves held due to the level of risks and uncertainty within the education sector at this time.

Financial and risk management objectives and policies

The Trust uses various simple financial instruments including cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to maintain finance for the Trust's operations.

The existence of these financial instruments exposes the Trust to liquidity risk and cash flow interest risk:

- *Liquidity risk* – the Trust manages its cash resources, including sufficient working capital, so that its bank ledger balance is available to the finance team for monitoring at all times and is always taken into account when making payments.
- *Interest rate risk* – the Trust has used risk free managed investments to maximise interest on income wherever possible and shall continue to do so.

Principal risks and uncertainties

The Trust monitors the principal risks and has drawn up risk registers for each academy which are regularly reviewed. A CAT level risk register capturing the major risks faced by the Trust is monitored at Board level. In particular the financial risk is that public funding will not rise in line with the cost base giving rise to potential unsustainable deficits within the Trust. This risk is mitigated by careful budget planning – overseen by the Finance Committee – and where possible securing additional resources to supplement Government funding. This remains relevant at this time due to the current economic climate and utility costs.

The principal operational risk to the Trust is that academic performance and attainment data does not meet the expectations of the regulator over time. This risk is mitigated by cross Trust expert support to improve teaching and learning, as well as by active results and data monitoring.

Due to the age of some of the school buildings more focus has been placed on estates management; this has involved working closely with the DfE and the Trust appointing its own Trust Estates Officer.

During the year Reinforced Autoclaved Aerated Concrete (RAAC) was identified at King Ethelbert School with several teaching areas having to be vacated by staff and students for health and safety reasons. The Trust is working closely with the DfE on a whole school solution. All lessons continue to be held in school with all spare areas of the school being utilised and some temporary accommodation in place. All costs incurred in connection with the temporary accommodation will be reimbursed to the Trust by the Department for Education. The Trust continues to work closely with the Department for Education to find a more permanent solution, which will include some new buildings.

To address the teacher recruitment and retention national concerns the Trust has developed bespoke training programs for senior leaders & middle leaders which aids succession planning.

Investment policy

All schools in the Trust only invest money in accounts which minimise the risk of loss. Speculative investments are not made.

FUNDRAISING

The Trust's fund raising is carried out and monitored at school level. The schools do not work with commercial or professional partners, and do not carry out direct marketing. All fund raising activities are small scale, and carried out directly by the schools not by third parties. The schools and Trust have established complaints procedures for all types of complaints.

EQUAL OPPORTUNITIES

It is the Trust's policy to recognise that equal opportunities should be an integral part of good working practice within the workplace. The Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

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DISABLED PERSONS

The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The academy trust does this by making reasonable adjustment to the physical environment wherever possible, by making support services available and through training and career development.

STREAMLINED ENERGY AND CARBON REPORTING

Breakdown of energy consumption used to calculate emissions (kWh):

Energy type	2022/23	2021/22
Mandatory requirements:		
Gas	2,621,600	2,543,846
Purchased electricity from the grid	1,426,488	1,605,665
Transport fuel	31,048	15,403
Total energy (mandatory)	4,079,914	4,164,914

Breakdown of emissions associated with the reported energy use (tCO₂e):

Emission source	2022/23	2021/22
Mandatory requirements:		
<u>Scope 1</u>		
Natural gas	478.5	464.4
Transport - Trust owned vehicles (mini-buses)	5.7	3.3
<u>Scope 2</u>		
Purchased electricity (location-based)	275.9	310.5
<u>Scope 3</u>		
Transport – Business travel in employee-owned vehicles	3.0	0.4
Total gross emissions (mandatory)	763.1	778.6
<u>Intensity ratios (mandatory emissions only)</u>		
Tonnes of CO ₂ e per pupil	0.213	0.214

Intensity ratio

The primary intensity ratio is total gross emissions in metric tonnes CO₂e (mandatory emissions) per pupil, which is the recommended ratio for the sector for consistency and comparability. Pupil numbers are based on the autumn 2021 Census.

Energy efficiency action during current financial year

The Trust has implemented a widespread range of actions to improve their energy efficiency and cut emissions during this reporting year. Behavioural and operational control changes include:

- A reduction in the time the heating systems are on in Dane Court and King Ethelbert by 15 minutes
- A 1-degree temperature reduction in heating at King Ethelbert
- The introduction of automated power-down for the computers at King Ethelbert
- A reduced length of opening time at Hartsdown Academy

Maintenance efficiency improvements include:

- the addition of water saving devices in the urinals at Dane Court;
- King Ethelbert are looking to upgrade their windows
- Hartsdown Academy have installed double glazing across the site as well as better insulation in the new roof of the main building.

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All Trust schools are currently continuing their rolling programme of replacing their lights with LED fittings as well as moving towards paperless in HR and Finance to reduce carbon emissions and resource use.

Dane Court installed new boilers, which improved efficiency by 30%, and also was successful in a CIF bid for £443,000 worth of funding to go towards upgrading approximately 50% of their single glazed windows to double glazing.

PLANS FOR FUTURE PERIODS

The Trust has a three-year Business Plan. The aims of this plan maintain the core ethos of the schools and the Trust, and build on the successes to date. We continue to aim to be the employer of choice, school of choice and trust of choice. Year 3 priorities have been detailed below. The aims include:

Aim One: Employer of Choice

AIM	ACTIONS	SUCCESS CRITERIA
1. Staff development and leadership	<ul style="list-style-type: none"> Carry out an ECT review to monitor consistency and share good practice. Create a report/action plan to further develop opportunities across CAT for ECT development. Develop a 'new to SLT' programme across the Trust which will include training days, research and a mentor programme. Create opportunities for governors/Trustees to be involved in leadership development programmes where applicable. QA processes for leadership opportunities so that there is some consistency of approach regarding participants. Carry out student facing support staff CAT training programme with review process as part of the pilot. 	<ul style="list-style-type: none"> ECT programme sharpened, more effective and more consistent across the Trust New SLT members are embedded and are delivering effective leadership Governor/Trustees are offered opportunities to participate in programmes Consistency of approach cross CAT schools for participation in leadership courses Delivery of a student facing support staff programme with feedback used to develop the programme further
2. Carry out 2 Whole CAT reviews with full report and whole CAT actions	<p>a) <u>SEN Review</u></p> <ul style="list-style-type: none"> one whole week of monitoring, data collection, school visits and observations of SEN Include external support and Trustee support with the review as well as headteacher involvement Full CAT report written on best practice and areas for development <p>b) <u>Reading Review</u></p> <ul style="list-style-type: none"> One whole week of monitoring, data collection, school visits and observations. Areas to visit will include classrooms, library, student voice/Parent voice, text books, phonics to advance reading high level skills. 	<ul style="list-style-type: none"> Detailed report created of strengths and areas of development across the Trust. Action plan created for further work and development
3. Cross CAT CPD development day. Theme: Reading	<ul style="list-style-type: none"> Plan and deliver an appropriate and valuable development day to all CAT staff - 9th February 2024 	<ul style="list-style-type: none"> Successful CPD day noted through evaluations

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AIM	ACTIONS	SUCCESS CRITERIA
4. Recruitment and Retention	<ul style="list-style-type: none"> Continue to share recruitment strategies cross CAT Update KG letter to reflect leadership opportunities Centralise exit interviews for review across CAT Review staff 'packages' Consider research hub for interested staff with focus on Teaching and Learning 	<ul style="list-style-type: none"> Each school fully staffed with high quality staff and high quality applications Staff are developed appropriately and ready for next stages of their career
5. Explore opportunities for a CAT teaching and learning research group	<ul style="list-style-type: none"> Investigate models of T and L research groups with funding attached. Explore the interest in this group from members of staff Have a plan of how it might work for maximum impact 	<ul style="list-style-type: none"> Decision on a CAT research group taken. If positive response start building a research team in partnership with a local university

Aim Two: School of Choice

AIM	ACTIONS	SUCCESS CRITERIA
1. School Improvement	<ul style="list-style-type: none"> Peer to peer review with opportunities for every subject in every school to have participated in a subject development day Areas of concern shared and support offered Develop the use of student conferences Outcomes continue to improve with the 'outlying' departments/subject areas making more significant improvement. All HT continue to have explicitly targets for end of KS outcomes with a particular focus on L4 matches English and Maths at KS4 All schools prepared for Ofsted 	<ul style="list-style-type: none"> Good practice shared across the Trust Underperforming subjects have support Middle leaders fully aware of strengths and areas for development HTs feel Ofsted ready where appropriate KS2, 4 and 5 outcomes continue to rise CAT whole Trust performance matches those of other MATs
2. Sixth Form Development	<ul style="list-style-type: none"> Create and implement the CAT communication and marketing plan. 2 main aims: <ul style="list-style-type: none"> Numbers increase Community understanding and knowledge of IB increases 	<ul style="list-style-type: none"> 6th form numbers increase in each school Awareness of IB increases in the community in each years group including primary
3. Attendance	<ul style="list-style-type: none"> Attendance group continues to meet cross CAT every term to share good practice Attendance discussed at CAT Board level with feedback from attendance group at least twice annually 	<ul style="list-style-type: none"> Attendance improves across the Trust
4. Student Development	<ul style="list-style-type: none"> Provide opportunities for students to work together across the Trust to strengthen knowledge and skills Plan for student conferences and interschool visits, particularly in transition years, IB and KS3 	<ul style="list-style-type: none"> Student benefit from cross CAT collaboration Student enjoys benefit from future school visits (student voice)

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AIM	ACTIONS	SUCCESS CRITERIA
5. Create staff webinar opportunities for staff development	<ul style="list-style-type: none"> Deliver at least 2 staff webinars on topics of interest and relevance to CAT staff 	<ul style="list-style-type: none"> Staff engage in staff webinars and impact is positive (staff voice)

Aim Three: Trust of Choice

AIM	ACTIONS	SUCCESS CRITERIA
1. Review Governance	<ul style="list-style-type: none"> Update scheme of delegation as the Trust has expanded making it reflect the changes and monitoring and accountability - particularly around finance Carry out an external review of governance by another Trust Review and update codes of conduct and Governance and Trustee handbooks 	<ul style="list-style-type: none"> Scheme of delegation updated External review of governance completed All handbooks reviewed and updated
2. Continue to improve communication and public perception of CAT	<ul style="list-style-type: none"> Particular focus on sixth form with sixth form students visiting primary schools or running primary school events Develop use of technology to celebrate CAT success including website celebrations 	<ul style="list-style-type: none"> Public perception continues to improve and reflect in PAN and media coverage
3. Estate Management and Health and Safety	<ul style="list-style-type: none"> RAAC roofing crisis is solved and new building work underway Successfully transition between Armadillo (end date Dec 2023) and PH (new Estate Manager) Have very clear Estate action plan for immediate concerns across the Trust - all Trustees aware of each school building - risks/mitigations and actions for repair Successfully implement CIF bids Create a plan for priorities on capital projects 	<ul style="list-style-type: none"> Teachers at KES in suitable accommodate and new building started H & S estate management action plan created Clear plan for estate management priorities
4. Newington Conversion and transfer to Coastal Academies Trust	<ul style="list-style-type: none"> Successful conversion by April 2024 	<ul style="list-style-type: none"> Newington joins CAT

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FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Trust distributes 16-18 bursary funds to the students as an agent for the ESFA. Details, including any amounts not dispersed by the financial year end, are disclosed in note 31 to the financial statements.

King Ethelbert is a school direct provider and the funding it receives for this purpose is transferred to East Kent Learning Alliance, a company that delivers the objectives for three teaching schools.

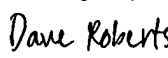
AUDITORS

Insofar as the Directors are aware:

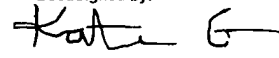
- there is no relevant audit information of which the Trust's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of all information.

The auditors, UHY Hacker Young, have indicated their willingness to remain in office, and the members will consider auditors for 2023/24 at the annual general meeting.

This report, incorporating the Strategic report, was approved by order of the Board of Directors, as the company directors and signed on the board's behalf by:

DocuSigned by:

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Mr. D Roberts (CBE), Chair of Trustees

DocuSigned by:

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Ms. K. Greig, Accounting Officer

Date: 14 December 2023

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Governance Statement

Scope of Responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform to 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 Coastal Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Conflict of Interest

The Trust manages its Conflicts of Interest policy by publishing a Register of Interests for all directors on its website, reviewing its Conflict of Interest policy on an annual basis and Declarations of interest being a standing item on the agenda of each Board and Committee meeting. The Finance Committee also reviews and approves any related party transactions in relation to other entities related to the Trust.

Governance

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities.

To strengthen financial control and accountability the Directors have established a Finance Committee consisting of three Directors, the accounting officer and a co-opted member as chair. This Finance Committee (amongst other things):

- Advises the Board on issues of strategic financial planning and best financial practice.
- Approves the annual budgets of each academy in the trust.
- Advises the Board and accounting officer on the adequacy and effectiveness of Coastal Academies Trust's governance, risk management, internal control and value for money systems.
- Ensures that Coastal Academies Trust operates within all Financial Regulations.
- Receives reports (annual reports, management letters etc.) from the external auditor and considers any issues raised, the associated management response and action plans. Where appropriate, reports are referred to the Board or other committees for information and action.

The Board of Directors has formally met 6 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

Director	Full Board Meetings attended	Out of a possible
Mr. R. Curtis, Chair of Board	6	6
Mr G Berry, Chair of CAT finance	1	1
Mr A Brookes	5	6
Mr M. Emery	5	6
Ms. K. Greig	6	6
Ms. M. Hooper	6	6
Ms. V Pottinger	3	6
Mr. D. Roberts	6	6
Mr N. Smith, previous Chair of Finance Committee	2	2
Ms. S. Woodward	1	3

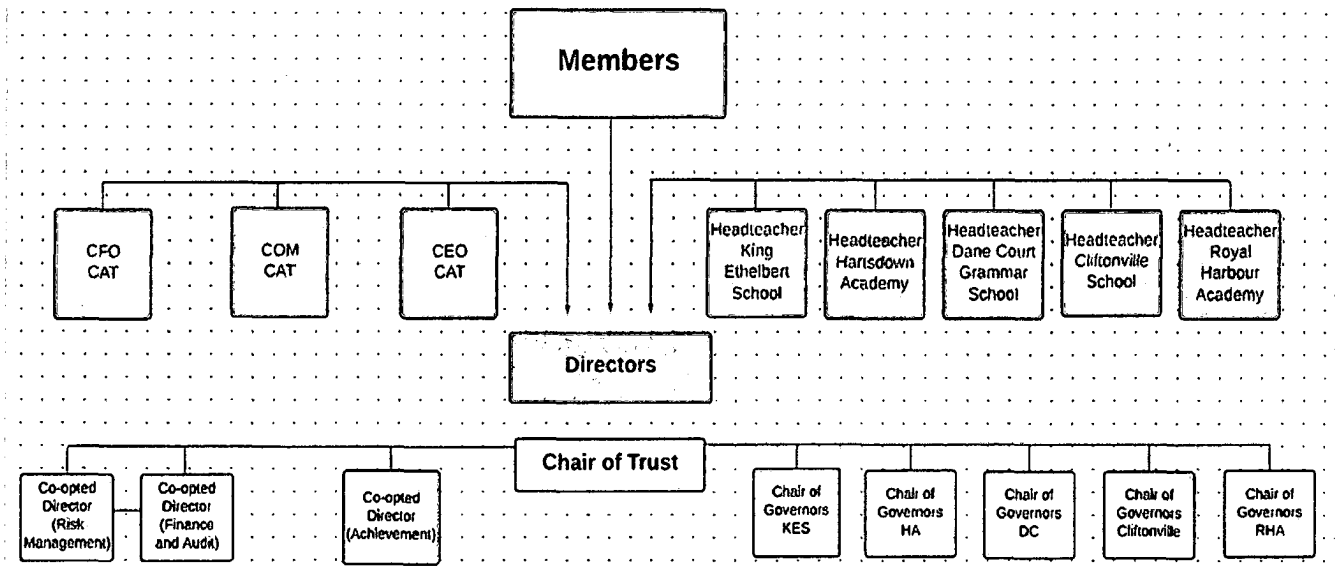
Attendance at meetings of the trust level Finance Committee (which also fulfils the remit of an audit & risk committee) in the year was as follows:

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Governance Statement

<u>Director</u>	<u>Finance Committee Meetings attended</u>	<u>Out of a possible</u>
Mr. R. Curtis, Chair of Board	5	6
Ms. K. Greig	5	6
Ms V Pottinger	2	6
Mr. D. Roberts	6	6
Mr. N.A. Smith, Chair of Finance Committee	3	3

Structure of the trust:



The Trust board reviews its effectiveness each year in three ways:

1. An annual review of the outcomes of its business plan in which the Board evaluates whether it has been effective in implementing its targets.
2. An annual (and sometimes twice yearly) accountability meeting with the Regional Commissioner in which the effectiveness of the Trust is externally reviewed.
3. Skills Audit when new Directors are appointed in order to identify gaps in knowledge.

In 2022/23 the Board concluded from these reviews that academic results still needed to improve significantly at Royal Harbour Academy. The Board received reports from the Academic standards committee throughout the year. Financial monitoring continued to be rigorously checked across the trust. This was reported to the board through the CAT Finance Committee

A Skills Analysis has shown that the Board is strong in the following key areas of expertise:

- Financial Management
- Human Resources
- Corporate Governance
- Educational Leadership
- Educational Theory
- Private Sector Financial Strategy
- Chartered Accountancy
- Links with the Local Community

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- Business Leadership
- Change Management
- Marketing

Areas where the Trust may wish to increase its expertise at Board level include:

- Premises although we now have a Trusts Estate Officer who will report as required to the board)
- Links with local Employers
- Legal Expertise

The skills audit shows a gap in legal and premises knowledge - the trust has access to legal advice through our insurance company. The trust is aware of the premises and estate management gap and is seeking ways to address this.

Review of Value for money

As Accounting Officer, the Executive Headteacher 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 and encompasses estate safety and management.

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 Directors where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Trust has delivered improved value for money during the year by:

- Targeted intervention by utilising Pupil Premium funding to close the gap between such students and the rest of the cohort.
- Collaborative working across the trust to improve educational outcomes for all students.
- Improved purchasing decisions with CAT-wide contracts to improve value for money. Examples of this include a joint insurance policy across all CAT schools, and energy procurement across all CAT schools. The intention is to increase the number of CAT-wide contracts where practicable and where there is a clear benefit. Gov't frameworks are being used to ensure value for money across the Trust.
- Review of all IT provision across all schools to ensure IT is complementing and supporting the educational outcomes in addition to ensuring the most efficient and effective solution.
- Regular review in order to be satisfied that the Trust's estate is safe, well-maintained and complies with relevant regulations.
- Commissioning Reinforced Autoclaved Aerated Concrete (RAAC) surveys at each school to determine whether RAAC was present.
- Working with both Kent County Council and the Department for Education to reduce the Trust's financial exposure arising from the identification of RAAC at King Ethelbert School and ensuring the estate remained safe and compliant with regulations.
- All schools, as part of the Trust's Estates Management Strategy, have made successful applications for Condition Improvement Funding from the ESFA.
- Introducing new software to monitor the schools health & safety compliance, planning for future expenditure and ensuring all regulations are complied with.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 Coastal Academies Trust for the year 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements.

The Board of Directors 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 Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

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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 Directors;
- regular reviews by the Finance Committee consolidating the figures from each constituent academy to get an overview of the Trust's financial performance.
- regular reviews by the Finance/Resources Governor, Headteacher & Business manager, of each school of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Board of Directors considered the need for a specific internal audit function and for 2022/23 and re-appointed McCabe Ford Williams, a firm of auditors, to perform a programme of internal scrutiny checks to provide ongoing assurance throughout the year.

Early in 2022/23 a programme of work was agreed with three rounds of visits, each round including half a day in each school concentrating on each academy. Checks were conducted reviewing the following specific topics:

1. Review the controls for fraud prevention;
2. Review payroll procedures and fraud controls within payroll; and
3. Review of Royal Harbour Academy as a new academy joiner.

Following the visits, a written report of findings was prepared for the Directors. No significant issues have arisen from the year and other observations noted by McCabe Ford Williams have been dealt with or the trust is in process of taking appropriate action.

Each report was accompanied by a Trust action plan. The Directors therefore feel that during the year ended 31 August 2023, they have received sufficient assurance over the risks to internal control in line with the requirements of the Academy Trust Handbook.


Review of Effectiveness

As Accounting Officer, the Executive Headteacher 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 external auditors; and
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

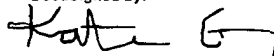
The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee and a plan to address weaknesses identified and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Directors and signed on their behalf, by:

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Mr. D Roberts, Chair of Trustees

Date: 14 December 2023

DocuSigned by:

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Ms. K. Greig, Accounting Officer

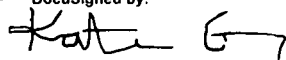
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Statement of Regularity, Propriety and Compliance

As accounting officer of Coastal Academies Trust I have considered my responsibility to notify the academy trust Board of Directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, including for estates safety and management, 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 Academy Trust Handbook 2022, including responsibilities for estates safety and management.

I confirm that I and the academy trust Board of Directors 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 Academy Trust Handbook 2022.

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 Directors and ESFA.

DocuSigned by:

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Ms. K. Greig
Accounting Officer

Date: 14 December 2023

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Statement of Directors' responsibilities
For the Year Ended 31 August 2023

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

Company law requires the Directors to prepare financial statements for each financial year. Under company law, the Directors 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 Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors 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 Directors 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 Directors 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 Directors and signed on its behalf by:

DocuSigned by:

Dave Roberts

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Mr. D. Roberts
Chairman of the Board of Directors

Date: 14 December 2023

Coastal Academies Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Coastal Academies Trust

Opinion

We have audited the financial statements of Coastal Academies Trust (the 'academy trust') for the year ended 31 August 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 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 2023 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 2022 to 2023 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Coastal Academies Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Coastal Academies Trust (continued)

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of 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 Directors' Responsibilities, the Directors (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 Directors 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 Directors 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 Directors either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

How the audit was considered capable of detecting irregularities including fraud

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

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

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

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

Coastal Academies Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Coastal Academies Trust (continued)

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

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

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

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

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

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

Use of our report

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

UHY Kent LLP

Allan Hickie BSc FCA (Senior Statutory Auditor)

for and on behalf of

UHY Kent LLP

Chartered Accountants

Statutory Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date: 18 December 2023

Coastal Academies Trust
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 5 July 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Coastal Academies Trust during the year 1 September 2022 to 31 August 2023 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 Coastal Academies Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Coastal Academies 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 Coastal Academies Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Coastal Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Coastal Academies Trust's funding agreement with the Secretary of State for Education dated 23 March 2011 and the Academy Trust Handbook, extant from 1 September 2022, 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 2022 to 2023. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2022 to 31 August 2023 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 Accountants of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to arrive at our conclusion. Other than those procedures undertaken for the purposes of our audit of the financial statements of Coastal Academies Trust for the year ended 31 August 2023 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

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

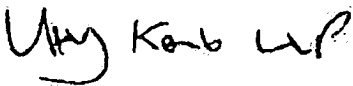
In line with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued April 2023, we have not performed any additional procedures regarding the academy trust's compliance with safeguarding, health and safety and estates management.

Coastal Academies Trust
(A Company Limited by Guarantee)

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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

Date: 18 December 2023

Coastal Academies Trust
(A Company Limited by Guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the Year Ended 31 August 2023

	Note	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Restricted fixed asset funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Income from:						
Donations and capital grants	3	64	(127)	16,760	16,697	2,122
Other trading activities	4	322	-	-	322	155
Investments	6	1	-	-	1	-
Funding for educational operations	5	282	28,665	-	28,947	22,794
Total income		669	28,538	16,760	45,967	25,071
Expenditure on:						
Raising funds		11	6	-	17	30
Charitable activities	8	100	28,275	8,193	36,568	25,425
Total expenditure		111	28,281	8,193	36,585	25,455
Net income/(expenditure)		558	257	8,567	9,382	(384)
Transfers between funds	19	(303)	(258)	561	-	-
Net movement in funds before other recognised gains/(losses)		255	(1)	9,128	9,382	(384)
Other recognised gains:						
Actuarial gains on defined benefit pension schemes	27	-	1,844	-	1,844	13,151
Net movement in funds		255	1,843	9,128	11,226	12,767
Reconciliation of funds:						
Total funds brought forward		1,828	(1,116)	63,680	64,392	51,625
Net movement in funds		255	1,843	9,128	11,226	12,767
Total funds carried forward	19	2,083	727	72,808	75,618	64,392

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

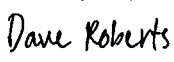
The notes on pages 32 to 58 form part of these financial statements.

Coastal Academies Trust
(A Company Limited by Guarantee)
Registered number: 07552665

Balance Sheet
As at 31 August 2023

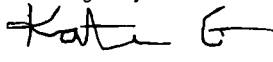
	Note	2023 £000	2022 £000
Fixed assets			
Tangible assets	15	71,688	63,231
Current assets			
Debtors	16	1,496	671
Cash at bank and in hand		5,027	3,115
		<u>6,523</u>	<u>3,786</u>
Creditors: amounts falling due within one year	17	(2,571)	(1,042)
Net current assets		<u>3,952</u>	<u>2,744</u>
Total assets less current liabilities		<u>75,640</u>	<u>65,975</u>
Creditors: amounts falling due after more than one year	18	(22)	(27)
Defined benefit pension scheme asset / liability	27	-	(1,556)
Total net assets		<u><u>75,618</u></u>	<u><u>64,392</u></u>
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	19	72,808	63,680
Restricted income funds	19	727	440
		<u>73,535</u>	<u>64,120</u>
Restricted funds excluding pension liability	19		
Pension reserve	19	-	(1,556)
Total restricted funds	19	<u>73,535</u>	<u>62,564</u>
Unrestricted income funds	19	<u>2,083</u>	<u>1,828</u>
Total funds		<u><u>75,618</u></u>	<u><u>64,392</u></u>

The financial statements on pages 29 to 58 were approved and authorised for issue by the Directors and are signed on their behalf, by:

DocuSigned by:

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Mr. D. Roberts
Chairman of the Board of Directors

Date: 14 December 2023

DocuSigned by:

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Ms. K. Greig
Accounting Officer

The notes on pages 32 to 58 form part of these financial statements.

Coastal Academies Trust
(A Company Limited by Guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Net cash provided by operating activities	21	1,807	473
Cash flows from investing activities	23	110	(198)
Cash flows from financing activities	22	(5)	27
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		1,912	302
Cash and cash equivalents at the beginning of the year		3,115	2,813
Cash and cash equivalents at the end of the year	24, 25	<hr/> <hr/> 5,027	<hr/> <hr/> 3,115

The notes on pages 32 to 58 form part of these financial statements

Coastal Academies Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2023

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Coastal Academies Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

• **Transfer on conversion**

Where assets and liabilities are received by the academy trust when a school converts to academy status on joining the trust, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

Coastal Academies Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2023

1. Accounting policies (continued)

1.3 Income (continued)

• **Donated fixed assets (excluding transfers on conversion or into the academy trust)**

Where the donated good is a fixed asset it is 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 Capital Grants' and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

1.4 Expenditure

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

• **Expenditure on raising funds**

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

• **Charitable activities**

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

Where relevant expenditure is shown inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Tangible fixed assets

The trust's capitalisation limits are: £2,000 for individual assets; £10,000 for group purchases of similar assets; £25,000 for building improvements and significant alterations. Assets costing more than this are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Coastal Academies Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2023

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Freehold property	- 2% straight line
Long-term leasehold property	- 2% straight line
Furniture and equipment	- 25% straight line
Computer equipment	- 33% straight line
Motor vehicles	- 20% reducing balance

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

1.7 Debtors

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

1.8 Cash at bank and in hand

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

1.9 Liabilities

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

1.10 Taxation

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

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

1.11 Financial instruments

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

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

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

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

Coastal Academies Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2023

1. Accounting policies (continued)

1.12 Operating leases

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

1.13 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The funds received and paid, and any balances held are disclosed in note 29.

1.14 Fund accounting

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

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

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

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

1.15 Pensions

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

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

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

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

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2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 August 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The ultimate responsibility for setting the assumptions is that of the academy trust, as the employer, however each year the LGPS actuary proposes a standard set of assumptions as part of the valuation exercise, using their expert opinion, and which comply with the accounting requirements. The academy trust has, in practice with most employers, adopted the recommended actuarial assumptions following further consultation with its auditors to ensure these assumptions are reasonable and in line with those adopted by other academy trusts.

The key assumption is the discount rate, which is the estimated rate of long-term investment returns. This year the discount rate used of 5.30% is higher than the rate of 4.25% used in 2022. Since a higher discount rate means assets will grow more rapidly in the future, this results in lower current liabilities. This is the key driver for the reduction in the carried LGPS deficit from £1.556m during the year.

Critical areas of judgment:

FRS 102 section 28.22 allows an entity to recognise a pension asset "only to the extent it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan."

Whilst the LGPS actuarial valuation reports for the year ended 31 August 2023 indicates a defined benefit asset of £685k exists at the year end date, the Trustees have considered that there is insufficient evidence that a surplus being recognised would ever result in a repayment or reduction in contributions, given that such a surplus is probably only temporary. Also, as a longer term employer that is open to new members, there isn't a reasonable expectation that the academy trust will ever reach a point of cessation that would enable access to a return of surplus.

The actuarial gain has therefore been restricted to instead leave a break-even position on the Balance Sheet with neither an asset or liability recognised.

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Notes to the Financial Statements
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3. Income from donations and capital grants

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Restricted fixed asset funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Donated assets	-	-	-	-	50
Assets inherited from Local Authority on conversion (see note 32)	-	(127)	13,565	13,438	-
Donations	64	-	-	64	60
Capital grants	-	-	3,195	3,195	2,012
	<u>64</u>	<u>(127)</u>	<u>16,760</u>	<u>16,697</u>	<u>2,122</u>
<i>Analysis of 2022 total by fund</i>	<u>55</u>	<u>-</u>	<u>2,067</u>	<u>2,122</u>	

4. Income from other trading activities

	Unrestricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Sales to students	46	46	22
Hire of facilities	86	86	47
Extended day income	40	40	37
Insurance claims	117	117	17
Other	33	33	32
	<u>322</u>	<u>322</u>	<u>155</u>
<i>Analysis of 2022 total by fund</i>	<u>155</u>	<u>155</u>	

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5. Funding for educational operations

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 (reclassified) £000
Educational operations				
DfE/ESFA grants				
General Annual Grant (GAG)	-	21,080	21,080	17,100
Other DfE/ESFA grants				
16 to 19 funding	-	2,723	2,723	2,424
Pupil Premium	-	1,786	1,786	1,269
Schools supplementary grant	-	537	537	246
Mainstream schools additional grant	-	398	398	-
Others	-	774	774	324
	-	27,298	27,298	21,363
Other Government grants				
Local Authority - SEN funding	-	283	283	259
Local Authority - Early years funding	-	76	76	105
Other government revenue grants	-	434	434	410
	-	793	793	774
Other income from educational operations	282	155	437	387
COVID-19 additional funding (DfE/ESFA)				
Other DfE/ESFA COVID-19 funding	-	419	419	270
	282	28,665	28,947	22,794
<i>Analysis of 2022 total by fund</i>	340	22,454	22,794	

The academy received £419k of Covid funding for recovery premium and national tutoring programme grants, additional funding provided by the DfE to support children and young people to catch up on missed learning caused by coronavirus (Covid-19). Costs incurred in respect of this funding totalled £406k, with the remaining £13k to be spent in 2023/24.

The comparative figures in this note have been reclassified in some instances, with the main change to strip out 16 to 19 funding from GAG and include this income under the separate row within Other DfE/ESFA grants. The Other DfE/ESFA Covid-19 funding is now also shown separately, after being included within 'others' in the prior year.

Coastal Academies Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

6. Investment income

	Unrestricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Bank interest	1	1	-

The academy trust has invested surplus funds into interest bearing fixed term deposit accounts, and the interest will be recognised at the end of the terms when all conditions have been adhered to.

7. Expenditure

	Staff Costs 2023 £000	Premises 2023 £000	Other 2023 £000	Total 2023 £000	Total 2022 £000
Expenditure on fundraising trading activities:					
Direct costs	-	-	17	17	30
Educational operations:					
Direct costs	19,503	7,947	2,069	29,519	19,261
Allocated support costs	2,510	2,435	2,104	7,049	6,164
	<u>22,013</u>	<u>10,382</u>	<u>4,190</u>	<u>36,585</u>	<u>25,455</u>
<i>Analysis of 2022 total</i>	<u>19,481</u>	<u>2,964</u>	<u>3,010</u>	<u>25,455</u>	

Direct premises costs for the current year include the £6.323m impairment charge explained further in note 15.

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total 2023 £000	Total 2022 £000
Educational operations	100	36,468	36,568	25,425
<i>Analysis of 2022 total by fund</i>	<u>233</u>	<u>25,192</u>	<u>25,425</u>	

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9. Analysis of expenditure by activities

	Direct costs	Support costs	Total funds	Total funds
	2023	2023	2023	2022
	£000	£000	£000	£000
Educational operations	29,519	7,049	36,568	25,425
<i>Analysis of 2022 total by fund</i>	<i>19,261</i>	<i>6,164</i>	<i>25,425</i>	

Analysis of support costs

	Total funds	Total funds
	2023	2022
	£000	£000
Staff costs	2,510	3,294
Premises costs	2,435	1,648
Technology costs	403	381
PFI service costs	521	-
Other support costs	1,035	785
Legal costs	99	21
Governance costs	46	35
	7,049	6,164

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2023	2022
	£000	£000
Operating lease rentals	36	32
Depreciation of tangible fixed assets	1,870	1,647
Impairment of tangible fixed assets	6,323	-
Fees paid to auditors for:		
- audit	21	19
- other services	7	6

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Notes to the Financial Statements
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11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2023	2022
	£000	£000
Wages and salaries	16,285	13,517
Social security costs	1,664	1,371
Pension costs	3,666	4,374
	<u>21,615</u>	<u>19,262</u>
Agency staff costs	345	174
Staff restructuring costs	53	45
	<u>22,013</u>	<u>19,481</u>

Staff restructuring costs comprise:

	2023	2022
	£000	£000
Redundancy payments	9	41
Severance payments	50	4
	<u>59</u>	<u>45</u>

The £50,000 relates to one severance payment which was awarded following a tribunal. The amount paid was fully covered and reimbursed by the insurers and so there was no net cost to the academy trust.

b. Staff numbers

The average number of persons employed by the academy trust during the year was as follows:

	2023	2022
	No.	No.
Teachers	292	229
Administration and support	292	256
Management	31	25
	<u>615</u>	<u>510</u>

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11. Staff (continued)

b. Staff numbers (continued)

The average headcount expressed as full-time equivalents was:

	2023	2022
	No.	No.
Teachers	271	211
Administration and support	203	158
Management	30	25
	504	394

c. Higher paid staff

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

	2023	2022
	No.	No.
In the band £60,001 - £70,000	8	8
In the band £70,001 - £80,000	3	1
In the band £80,001 - £90,000	1	-
In the band £90,001 - £100,000	2	3
In the band £100,001 - £110,000	1	-
In the band £110,001 - £120,000	-	1
In the band £120,001 - £130,000	1	1
In the band £130,001 - £140,000	1	-

d. Key management personnel

The key management personnel of the academy trust comprise the Directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £1,186k (2022 - £1,086k).

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Notes to the Financial Statements
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12. Central services

The academy trust has provided the following central services to its academies during the year:

- Educational leadership
- Finance support
- HR expertise

The academy trust charges for these services on the following basis:

There is no formal top slice arrangement in place. The academies transfer a monthly amount to central which pays for the salaries of the Executive Team (EHT, CFO and COM) in addition to the running costs of the CAT office.

The actual amounts charged during the year were as follows:

	2023	2022
	£000	£000
Dane Court Grammar School	98	79
King Ethelbert School	90	79
Hartsdown Academy	95	79
Cliftonville Primary School	74	50
Royal Harbour Academy	54	-
Total	411	287

13. Directors' remuneration and expenses

The Executive Headteacher has been paid remuneration and received related pension benefits as a consequence of her employment with the academy trust. She only receives remuneration in respect of services provided under her contract of employment and not as a trustee. The value of Directors' remuneration and other benefits was as follows:

		2023	2022
		£000	£000
Ms. K. Greig, Executive Headteacher	Remuneration	135 - 140	125 - 130
	Pension contributions paid	30 - 35	30 - 35

During the year ended 31 August 2023, no Director expenses have been incurred (2022 - £NIL).

14. Directors' and Officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

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15. Tangible fixed assets

	Freehold property £000	Long-term leasehold property £000	Assets under construction £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation						
At 1 September 2022	46,669	25,706	1,146	1,166	1,182	75,869
Additions	1,237	14	1,715	24	95	3,085
Acquired on conversion	13,444	-	-	25	96	13,565
Disposals	-	-	-	(8)	(204)	(212)
Transfers between classes	1,094	-	(1,094)	-	-	-
Impairment charge	(10,828)	-	-	-	-	(10,828)
At 31 August 2023	51,616	25,720	1,767	1,207	1,169	81,479
Depreciation						
At 1 September 2022	9,281	1,466	-	1,008	883	12,638
Charge for the year	1,140	436	-	88	206	1,870
On disposals	-	-	-	(8)	(204)	(212)
Impairment charge	(4,505)	-	-	-	-	(4,505)
At 31 August 2023	5,916	1,902	-	1,088	885	9,791
Net book value						
At 31 August 2023	45,700	23,818	1,767	119	284	71,688
At 31 August 2022	37,388	24,240	1,146	158	299	63,231

Included in land and buildings is freehold land at value of £7.066m (2022 - £3.626m) and leasehold land at value of £1.593m (2022 - £1.593m) which are not depreciated.

An impairment charge of £6.323m has been recognised to the King Ethelbert School building, held within freehold property, to reflect the value as per the most recent ESFA desktop land and buildings valuation. During the year, it was identified that part of the King Ethelbert School building, included under freehold property, contains reinforced autoclaved aerated concrete (RAAC). No specific impairment has been included for this until the final outcome is known and the value of any impairment can be quantified.

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Notes to the Financial Statements
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16. Debtors

	2023	2022
	£000	£000
Trade debtors	59	38
Other debtors	400	143
Prepayments and accrued income	1,037	490
	<u>1,496</u>	<u>671</u>

17. Creditors: Amounts falling due within one year

	2023	2022
	£000	£000
Other loans	5	5
Trade creditors	781	257
Other taxation and social security	390	269
Other creditors	544	247
Accruals and deferred income	851	264
	<u>2,571</u>	<u>1,042</u>

	2023	2022
	£000	£000
Deferred income at 1 September 2022	90	201
Resources deferred during the year	255	90
Amounts released from previous periods	(90)	(201)
	<u>255</u>	<u>90</u>

Deferred income mostly comprises ESFA funding (UIFSM), income for school trips and other trading income, received in advance for the 2023/24 academic year.

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

	2023	2022
	£000	£000
Other loans	<u>22</u>	<u>27</u>

The other loans within notes 17 and 18 are Salix funding. The loans are interest free and fully repayable by September 2030.

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Notes to the Financial Statements
For the Year Ended 31 August 2023

19. Statement of funds

	Balance at 1 September 2022 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2023 £000
Unrestricted funds						
General funds	1,828	669	(111)	(303)	-	2,083
Restricted general funds						
General Annual Grant (GAG)	(134)	21,080	(20,648)	(258)	-	40
Other DfE/ESFA grants	78	6,637	(6,537)	-	-	178
Other government grants	495	793	(779)	-	-	509
Other restricted	1	155	(156)	-	-	-
Pension reserve	(1,556)	(127)	(161)	-	1,844	-
	(1,116)	28,538	(28,281)	(258)	1,844	727
Restricted fixed asset funds						
Tangible fixed assets	63,231	-	(8,193)	16,650	-	71,688
DfE/ESFA capital grants	481	3,154	-	(2,488)	-	1,147
Salix loan	(32)	-	-	5	-	(27)
Other capital	-	41	-	(41)	-	-
Inherited assets	-	13,565	-	(13,565)	-	-
	63,680	16,760	(8,193)	561	-	72,808
Total Restricted funds	62,564	45,298	(36,474)	303	1,844	73,535
Total funds	64,392	45,967	(36,585)	-	1,844	75,618

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Notes to the Financial Statements
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19. Statement of funds (continued)

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

General Annual Grant must be used for the normal running costs of each individual academy, and hence are shown as a separate restricted fund.

The other DfE/ESFA grant fund is used to track non-GAG revenue grant funding received from the DfE/ESFA and connected bodies, and principally included the material grants detailed separately in note 5.

The Other Government grant fund relates to restricted income received from other government bodies and includes money received from Kent County Council (KCC).

Covid catch-up premium relates to additional funding provided by the DfE to support children and young people to catch up on missed learning caused by coronavirus (Covid-19). This has been fully spent in the year.

The pension reserve relates to the academy trust's share of the balance on the Local Government Pension Scheme overseen by its Local Authority.

The other restricted fund accounts for all other money received for a specific purpose and includes income received from parents and pupils for educational trips and visits.

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The transfer of £561k represents capital expenditure funded by revenue reserves during the year and the Salix loan repayments funded from GAG.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2023.

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Notes to the Financial Statements
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19. Statement of funds (continued)

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

	<i>Balance at 1 September 2021 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2022 £000</i>
Unrestricted funds						
General funds	1,592	550	(251)	(63)	-	1,828
Restricted general funds						
General Annual Grant (GAG)	(297)	19,408	(19,071)	(174)	-	(134)
Other DfE/ESFA grants	25	2,225	(2,148)	(24)	-	78
Other government grants	519	774	(809)	11	-	495
Other restricted	-	47	(46)	-	-	1
Catch-up premium	63	-	(63)	-	-	-
Pension reserve	(13,287)	-	(1,420)	-	13,151	(1,556)
	<u>(12,977)</u>	<u>22,454</u>	<u>(23,557)</u>	<u>(187)</u>	<u>13,151</u>	<u>(1,116)</u>
Restricted fixed asset funds						
Tangible fixed assets	62,613	50	(1,647)	2,215	-	63,231
DfE/ESFA capital grants	402	2,039	-	(1,960)	-	481
Salix loan	(5)	(27)	-	-	-	(32)
Other capital	-	5	-	(5)	-	-
	<u>63,010</u>	<u>2,067</u>	<u>(1,647)</u>	<u>250</u>	<u>-</u>	<u>63,680</u>
Total Restricted funds	<u>50,033</u>	<u>24,521</u>	<u>(25,204)</u>	<u>63</u>	<u>13,151</u>	<u>62,564</u>
Total funds	<u>51,625</u>	<u>25,071</u>	<u>(25,455)</u>	<u>-</u>	<u>13,151</u>	<u>64,392</u>

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19. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2023 were allocated as follows:

	2023	2022
	£000	£000
Dane Court Grammar School	1,786	1,691
King Ethelbert School	634	647
Cliftonville Primary School	1,174	1,127
Hartsdown Academy	(1,499)	(1,580)
Royal Harbour Academy	129	-
Central	586	383
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	2,810	2,268
Restricted fixed asset fund	72,808	63,680
Pension reserve	-	(1,556)
	<hr/>	<hr/>
Total	75,618	64,392
	<hr/>	<hr/>

The following academy is carrying a net deficit on its portion of the funds as follows:

	Deficit
	£000
Hartsdown Academy	(1,499)
	<hr/>

From the financial year 2017/18 until the current financial year, the Board agreed a financial recovery plan for Hartsdown Academy, which allowed it to return in-year deficit positions supported by the wider trust.

The academy trust is taking the following action to return the academy to surplus:

Restructuring staff, ensuring an effective curriculum offer fit for purpose;
Continuous monitoring of pupil numbers;
Marketing of the school to increase pupil numbers;
Investing staff resource from across the trust to improve pupil outcomes to increase Hartsdown's reputation in the community and in turn increase pupil numbers; and
Robust budgeting process with regular scrutiny of monthly management information and cashflow

2022/23 has been the first year Hartsdown Academy has reported an in-year revenue surplus since the agreed financial recovery plan. The result shown above is a small in-year revenue surplus of £81k and it should be noted that this is after a transfer from revenue to capital of £123k. Current budget forecasts are showing 2023/24 will bring in a balanced position.

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Notes to the Financial Statements
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19. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2023 £000	Total 2022 £000
Dane Court Grammar School	5,124	403	495	913	6,935	6,808
King Ethelbert School	4,186	515	489	1,112	6,302	5,775
Cliftonville Primary School	3,853	423	155	566	4,997	5,012
Hartsdown Academy	3,983	619	473	873	5,948	5,763
Royal Harbour Academy	2,168	357	168	987	3,680	-
Central	189	193	43	105	530	450
Academy trust	19,503	2,510	1,823	4,556	28,392	23,808

20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Restricted fixed asset funds 2023 £000	Total funds 2023 £000
Tangible fixed assets	-	-	71,688	71,688
Current assets	2,083	3,293	1,147	6,523
Creditors due within one year	-	(2,566)	(5)	(2,571)
Creditors due in more than one year	-	-	(22)	(22)
Total	2,083	727	72,808	75,618

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Notes to the Financial Statements
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20. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2022 £000</i>	<i>Restricted funds 2022 £000</i>	<i>Restricted fixed asset funds 2022 £000</i>	<i>Total funds 2022 £000</i>
Tangible fixed assets	-	-	63,231	63,231
Current assets	1,759	1,546	481	3,786
Creditors due within one year	69	(1,106)	(5)	(1,042)
Creditors due in more than one year	-	-	(27)	(27)
Provisions for liabilities and charges	-	(1,556)	-	(1,556)
Total	1,828	(1,116)	63,680	64,392

21. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2023 £000	2022 £000
Net income/(expenditure) for the year (as per Statement of Financial Activities)	9,382	(384)
Adjustments for:		
Impairment	6,323	-
Depreciation	1,870	1,647
Capital grants from DfE and other capital income	(3,195)	(2,017)
Defined benefit pension scheme obligation inherited	127	-
Defined benefit pension scheme cost less contributions payable	109	1,206
Defined benefit pension scheme finance cost	52	214
(Increase)/decrease in debtors	(825)	47
Increase/(decrease) in creditors	1,529	(190)
Donated fixed assets	-	(50)
Fixed assets inherited on conversion	(13,565)	-
Net cash provided by operating activities	1,807	473

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22. Cash flows from financing activities

	2023	2022
	£000	£000
Cash inflows from new borrowing	-	30
Repayments of borrowing	(5)	(3)
Net cash (used in)/provided by financing activities	(5)	27

23. Cash flows from investing activities

	2023	2022
	£000	£000
Purchase of tangible fixed assets	(3,085)	(2,215)
Capital grants from DfE Group	3,154	2,012
Capital funding received from sponsors and others	41	5
Net cash provided by/(used in) investing activities	110	(198)

24. Analysis of cash and cash equivalents

	2023	2022
	£000	£000
Cash in hand and at bank	5,027	3,115

25. Analysis of changes in net debt

	At 1 September 2022 £000	Cash flows £000	Other non- cash changes £000	At 31 August 2023 £000
Cash at bank and in hand	3,115	1,912	-	5,027
Debt due within 1 year	(5)	5	(5)	(5)
Debt due after 1 year	(27)	-	5	(22)
	3,083	1,917	-	5,000

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26. Capital commitments

	2023	<i>2022</i>
	£000	<i>£000</i>
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	3,584	3,217

The capital commitments at 31 August 2023 are in respect of various ongoing projects at four of the schools in the trust, all funded primarily by Condition Improvement Fund capital grants from the ESFA.

27. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2020 and of the LGPS 31 March 2022.

Contributions amounting to £323,000 were payable to the schemes at 31 August 2023 (*2022 - £121,000*) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2020. The valuation report was published by the Department for Education on 30 October 2023. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 28.68% 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 £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million
- the SCAPE discount rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 1.7% above the rate of CPI and is based on the Office for Budget Responsibility's forecast for long-term GDP growth.

The revised employer contribution rate, arising from the 2020 valuation, is due to be implemented from 1 April 2024. The next valuation result is due to be implemented from 1 April 2027.

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27. Pension commitments (continued)

The employer's pension costs paid to TPS in the year amounted to £2,651,000 (2022 - £2,269,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2023/10/valuation-result.aspx>).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2023 was £1,078,000 (2022 - £902,000), of which employer's contributions totalled £850,000 (2022 - £707,000) and employees' contributions totalled £228,000 (2022 - £195,000). The agreed contribution rates for future years are 22.5 per cent for employers and 5.5 to 12.5 per cent for employees.

As described in note 32 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

Principal actuarial assumptions

	2023	2022
	%	%
Rate of increase in salaries	3.90	3.95
Rate of increase for pensions in payment/inflation	2.90	2.95
Discount rate for scheme liabilities	5.30	4.25
Inflation assumption (CPI)	2.90	2.95

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

	2023	2022
	Years	Years
<i>Retiring today</i>		
Males	20.7	21.0
Females	23.2	23.5
<i>Retiring in 20 years</i>		
Males	22.0	22.3
Females	24.6	24.9

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27. Pension commitments (continued)

Sensitivity analysis

	2023	2022
	£000	£000
Discount rate +0.1%	(335)	(390)
Discount rate -0.1%	344	400
Mortality assumption - 1 year increase	508	494
Mortality assumption - 1 year decrease	(476)	(478)
CPI rate +0.1%	324	371
CPI rate -0.1%	(313)	(363)

Share of scheme assets

The academy trust's share of the assets in the scheme was:

	At 31 August	At 31 August
	2023	2022
	£000	£000
Equities	11,563	9,921
Gilts	107	88
Corporate bonds	2,515	2,003
Property	1,835	1,780
Cash and other liquid assets	191	257
Investment funds	1,306	1,091
Infrastructure	690	-
Total market value of assets	18,207	15,140

The actual return on scheme assets was £(51,000) (2022 - £(188,000)).

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

	2023	2022
	£000	£000
Current service cost	(949)	(1,905)
Past service cost	1	-
Interest income	705	247
Interest cost	(757)	(461)
Total amount recognised in the Statement of Financial Activities	(1,000)	(2,119)

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27. Pension commitments (continued)

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

	2023	2022
	£000	£000
At 1 September	16,696	27,918
Transferred in on conversion	2,502	-
Current service cost	949	1,905
Interest cost	757	461
Employee contributions	228	195
Actuarial gains	(2,660)	(13,586)
Benefits paid	(201)	(197)
Losses on curtailments	6	-
Effects of non-routine settlements	(70)	-
At 31 August	18,207	16,696

Changes in the fair value of the academy trust's share of scheme assets were as follows:

	2023	2022
	£000	£000
At 1 September	15,140	14,631
Transferred in on conversion	2,375	-
Interest income	705	247
Actuarial losses	(816)	(435)
Employer contributions	850	707
Employee contributions	228	195
Benefits paid	(201)	(197)
Effects of non-routine settlements	(63)	-
Administrative expenses	(11)	(8)
At 31 August	18,207	15,140

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28. Long-term commitments, including operating leases

a. Operating leases

At 31 August 2023 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2023	2022
	£000	£000
Amounts due within one year	41	30
Amounts due between one and five years	25	16
	<u>66</u>	<u>46</u>

b. Other contractual commitments

At 31 August 2023 the total of the academy trust's future minimum lease payments under other contractual commitments was:

	2023	2022
	£000	£000
Amounts due within one year	232	-
Amounts due between one and five years	930	-
Amounts due after five years	2,093	-
	<u>3,255</u>	<u>-</u>

The other contractual commitments represent the committed amounts under Private Finance Initiative (PFI) for the academy trust's PFI school, Royal Harbour Academy.

PFI service costs incurred by the academy trust since Royal Harbour Academy joined on 1 April 2023 are disclosed within support costs in note 9.

29. 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.

30. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2023 the trust received £60k (2022 - £53k) and disbursed £53k (2022 - £58k) from the fund. An amount of £18k (2022 - £11k) is included in other creditors relating to undistributed funds that is repayable to ESFA.

31. Controlling party

The academy trust is run by the senior management team on a day to day basis. Strategic decisions are made by the trustees. There is no ultimate controlling party although since the academy trust only had three members at the year end, as listed on page 1, each with 33.33% of the voting rights, these individuals are deemed to be persons of significant control.

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Notes to the Financial Statements
For the Year Ended 31 August 2023

32. Conversion to academy status

On 1 April 2023 Royal Harbour Academy converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Coastal Academies Trust from Kent County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets			
Freehold land and buildings	-	13,444	13,444
Other tangible fixed assets	-	121	121
Non-current liabilities			
LGPS pension liability	(127)	-	(127)
Net (liabilities)/assets	(127)	13,565	13,438

Royal Harbour Academy operates from two sites known as the upper and lower. The land and buildings transferred to the trust on its conversion to an academy relate to the upper site.

33. Related party transactions

Owing to the nature of the academy trust and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academy Trust Handbook, including notifying the ESFA of all transactions entered into and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place during the year:

Income related transactions:

East Kent Learning Alliance Limited (EKLA), a teaching school alliance of East Kent schools including Dane Court Grammar School, King Ethelbert School and Hartsdown Academy. The academy trust received income of £XXX (2022 - £Nil) from EKLA during the year in respect of the recharge of staff costs.

At 31 August 2023, EKLA owed the academy trust £2k (2022 - £1k).