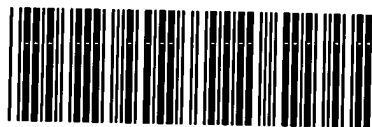


REGISTERED COMPANY NUMBER: 07662701 (England and Wales)

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

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CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

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FOR THE YEAR ENDED 31 AUGUST 2023

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CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2023

Registered Company number	07662701 (England and Wales)	
Company Name	Character Education Trust	
Principal & Registered Office	Borough Green Road Wrotham Sevenoaks TN15 7RD	
Members	P B Broszek M C Reeve S Smith C Gilhooly	Resigned Dec-22 Appointed Sep-22
Trustees	S Smith, Chair L Blumsum A Malik R Metzler M C Reeve D Turner M Wright, Chief Executive Officer and Accounting Officer	Died Apr-23
Senior Management Team	M Wright, Chief Executive Officer M Cater, Head teacher (Wrotham School) T Kelvie, Head teacher (Aylesford School) N Newman, Director of Finance B Sanchez, Director of Human Resources	(Appointed Sept 22) (Appointed Jan 23)
Wrotham School	L Abbott, Deputy Head teacher S Boudreau, Assistant Head teacher A Griffin, Assistant Head teacher S Morris, Assistant Head teacher V Ross, Assistant Head teacher J Truss, Assistant Head teacher D Zamblera, Assistant Head teacher L Elliott, Assistant Head teacher E Healy, Assistant Head teacher	(Appointed Sept 22) (Left Sept 22) (Appointed Sept 22)
Aylesford School	K James, Deputy Head teacher C Duff, Assistant Head teacher M Johnston, Assistant Head teacher D Matthews, Assistant Head teacher L McGuckin, Assistant Head teacher B Walker, Assistant Head teacher D Wright, Senior Assistant Head teacher	(Appointed Sept 22) (Appointed Sept 22) (Appointed Sept 22) (Appointed Sept 22) (Resigned August 23) (Appointed Sept 22) (Appointed Sept 22) (Appointed Sept 22)

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2023

Independent Auditor

Clair Rayner FCA DChA (Senior Statutory Auditor)
McCabe Ford Williams
Statutory Auditors and
Chartered Accountants
Building 1063
Cornforth Drive
Sittingbourne
Kent
ME9 8HL

Bankers

National Westminster Bank
Swan Street
West Malling
Kent
ME19 6HG

Solicitors

Stone King LLP
Boundary House
91 Charterhouse Street
London
EC1M 6HR

Websites

www.charactereducation.org
www.wrothamschool.com
www.aylesford.kent.sch.uk

**CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2023**

The Trustees (who are also the directors of the charity for the purposes of the Companies Act) present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2023. The Annual report serves the purposes of both a Trustee's report, and a Director's report under company law. The Trustees confirm that the annual report and financial statements of the Trust comply with the current statutory requirements, the requirements of the Trust's article of association and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2019. The annual report serves the purposes of both a trustee's report, and a directors' report under company law.

In September 2022 Aylesford School converted to academy status and joined Wrotham School in the Character Education Trust.

Character Education Trust's vision is:

Our vision is to grow a family of schools in both the primary and secondary phases, that work together to provide an education that builds character. We share a mission to develop confident young people who can make a positive difference to the world around them.

The Trustees are keen to grow a local MAT of five academies across the primary and secondary phases.

During the year under review the trust comprised of Wrotham School & Aylesford School. Wrotham School is an Academy for pupils aged 11 to 19 serving a catchment area in Tonbridge and Malling, Sevenoaks and Gravesham in Kent. It has a pupil capacity of 716 based on official 'net capacity' calculations and had a roll of 1,062 in October 2023 (2022 - 975). Aylesford School is an Academy for pupils aged 11 to 19 serving a catchment area in Tonbridge and Malling, Medway and Maidstone. It has a pupil capacity of 900 based on official 'net capacity' calculations and had a roll of 912 (2022 - 890). Wrotham School is to be rebuilt under the School rebuilding Programme, and during this period of reporting, leaders at the Trust worked with the DfE on completing a feasibility review and developing a control option for the scheme.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee and an exempt charity and was set up by a memorandum of association on 8 June 2011. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of Character Education Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Character Education Trust.

Details of the trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees Indemnities

Directors' & Officers' insurance is in place through the ESFA Risk Protection Assurance scheme. This policy has a limit of indemnity of £10,000,000. The cover is for legal liability for claims arising from a breach of professional duty by reason of any neglect, error or omission.

Method of Recruitment and Appointment or Election of Trustees

The Board is currently comprised of 6 Trustees, of whom one is a Staff Trustee and none are Parent Trustees. The appointment of Trustees is governed by the Company's Articles of Association. The members of the Company may appoint up to 20 Trustees. They may also appoint Staff Trustees through such process as they may determine, providing no more than one third of the Trustees are employees of the Company. The Chief Executive Officer automatically becomes a Trustee upon appointment. The Board of Trustees will recruit Trustees according to the needs of the Trust and the skills the Board of Trustees require.

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued
Method of Recruitment and Appointment or Election of Trustees

The trust advertise for trustees based on skills set required on a variety of different platforms. An interview process with the chair of trust will take place before the committee will consider if the appointment should take place.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. An induction programme is available to all new Trustees, and this includes a meeting with the Chief Executive Officer, Head teacher and Chair of Trustees, a tour of the Academy, a welcome pack and an induction booklet, which includes copies of relevant policies and procedures.

Where necessary, induction will include training in charity, educational, legal and financial matters relevant to the operation of the Company. They are also provided with an annual training programme for both internal workshops/ training and external specific Academy Trustee courses. A careful record of Trustees' training is maintained.

The Trust ensures that all Trustees are provided with the information needed to undertake their role as Trustees.

Organisational Structure

The Trustees are responsible for setting the strategic direction of the Trust. They hold the executive leadership team to account for the effective implementation of the trust strategy and operating plan, including in relation to the use of resources and the drivers of impact. The board assures itself of the integrity of financial information; that there are robust risk controls and risk management systems; and that there is compliance with regulatory, contractual, and statutory requirements, including safeguarding.

The Board of Trustees comprises those persons appointed under the Articles of Association. The board meets seven times in the year. The Trust Board receives reports from the CEO and other members of the Executive. The Trust Board also operates as a Finance and Audit Committee and includes relevant agenda items at least three times a year. This committee is focussed on identifying, reviewing and managing risk, as well as ensuring that the Trust meets its financial obligations.

The Board delegates a number of specific responsibilities to the Local Governing Bodies of the schools. the activities of which are reported to and discussed at full Board Meetings.

A Strategic Leadership Group is comprised of the Chief Executive Officer (who is also the Chief Accounting Officer), the Director of Finance, the Director of Human Resources and the Headteachers. They lead the Trust at an executive level ensuring full compliance with the policies set out by the Trustees. The Strategic Leadership Group also exists to ensure that collaboration is effective; to ensure that Headteachers are supported; to ensure that good leaders develop more leaders. At each academy / school the Headteacher has a leadership team consisting of Deputy and Assistant Head teachers. A scheme of delegation exists to ensure that responsibilities for leadership decisions and accountability are clear.

Spending control is devolved to the Chief Executive Officer and the Director of Finance. A financial scheme of delegation is in operation with limits above which cheques/approvals are countersigned by a Trustee.

The appointment panel for leadership posts across the Trust always includes a Trustee.

Arrangements for setting pay and remuneration of key management personnel

The Trustees and Chief Executive Officer establish a Leadership structure for the Trust and determine its membership. The Trustees determine the salary scales for the leadership group, including the Chief Executive Officer and Head teacher. Trustees take account of the following factors in the determining the pay of the Chief Executive Officer, Head teacher, Deputy and Assistant Head teachers and the Director of Finance, as laid out in the Trust Pay and Appraisal Policies.

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Arrangements for setting pay and remuneration of key management personnel - continued

- level of responsibility
- performance
- size and structure of the Leadership Team
- recruitment and retention issues
- market value
- experience
- affordability
- qualifications
- vision and ambitions of the Trust
- recruitment and retention issues

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Provide the total cost of facility time	0
Provide the total pay bill	9,636,766
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0

Paid trade union activities

Time spent of trade union activities as a percentage of (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0
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Related Parties and other Connected Charities and Organisations

A Memorandum of understanding existed between the trust and the governing body of Aylesford School to work in partnership as if Aylesford was a member of the trust up to the point the school joined the trust. Aylesford School formally joined the trust on the 1st September 2022.

Where Trustees offer their services to the Trust their interest is recorded on the relevant paperwork and the circumstances discussed by the Board. The Chief Executive Officer is an employee of the company.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principle objective of Character Education Trust is to provide education for students of different abilities and achieves this by providing a state education, free of charge, to pupils up to the age of 19. In exercising their powers, the Trustees have complied with their duty to have due regards to the guidance on public benefit published by the Charity Commission.

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2023

OBJECTIVES AND ACTIVITIES - continued

Objectives, strategies and activities

The main strategic aims of the Trust are summarised below:

- a to support every student to achieve academic excellence and personal success
- b to raise the standard of educational achievements of all students
- c to focus on the development of good character in students, so that they may make a positive contribution to society
- d to invest in staff and student development through new initiatives and opportunities
- e to provide value for money
- f to develop a small local MAT that values partnerships of equals, and aims to grow excellent local schools that local children can attend together

The achievement of our aims is reviewed using key measures including:

- a the effectiveness of our broad curriculum and the opportunities we provide to develop character outside the classroom
- b academic outcomes and progress of students
- c the character rewards received by students throughout the year; tracking students engagement with extra curricular activities;
- d engagement in training including NPQs and the Trust's in house leadership programme; staff wellbeing activities
- e monthly financial reporting; benchmarking; reserves policy; success in the objectives above
- f engagement and collaboration with other schools, trusts and organisations

Public Benefit

The trustees confirm that they have complied with the duties in Section 17(s) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education. We have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set. The public benefit of Character Education Trust is the advancement of education within the local community.

Equal opportunities policy

The Trust is an equal opportunity organisation and is committed to take a positive stand to ensure all stakeholders have a right to equality of opportunity and achievement regardless of race and ethnicity, faith, belief and religion, disability and access, age, sex, sexual orientation, transsexualism, and marital status.

Equality of opportunity is related to all areas of the Trust's work and is a fundamental aspect of the ethos of the Trust. We will make reasonable adjustments to meet the needs of staff or students who are or become disabled. Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all main areas of the Academies.

Character Education Trust is committed to safeguarding and promoting the welfare of children and young people, and expects all staff and volunteers to share this commitment. All posts are subject to an enhanced Disclosure Application to the Disclosure and Barring Service and check against the ISA Barred List for children.

Employee involvement and employment of the disabled

The school has a lift in the modern building at Wrotham School, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all main areas of the Trust. The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment, by making support resources available and through training and career development. At Aylesford School all buildings have lifts and all toilet areas have disabled toilets installed.

Employee Consultation

Trust staff are empowered to elect colleagues to sit and serve as governors. Trustees and governors regularly meet with staff ranging from attendance at formal board and committee meetings, Trustee visits and general open days where staff can meet and talk to Governors and trustees.

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2023

STRATEGIC REPORT
ACHIEVEMENTS AND PERFORMANCE 2022 - 23

The Trust

Finally welcoming Aylesford School officially into the Trust was a great achievement and one to be celebrated. The PFI contract had been a barrier for a number of years, and to get the go ahead was great. We strengthened our Executive Team with the appointment of a highly qualified and experienced HR Director. Lots of our leaders completed National Professional Qualifications and others started them this year.

Wrotham School

The school has continued to see the strong growth in students wishing to join the school, which is now taking over 200 students per year group. Demand for places at the school is strong and students surveys remain positive.

Leaders have continued to work with the DfE and other related parties to complete the feasibility stage of the School Rebuilding Program work. There has now been an appointment of a contractor responsible for preparing the build of a new school estimated to be ready for September 2026. The planned works are now going through the planning application stage. The school completed the public consultation in relation to the planned works during July 2023.

The academy saw more ICT projects including the introduction of laptops to increase computer capacity. The school also improved its WIFI capacity in areas of the school to meet the laptop requirements. The school also purchased additional touch screen display units to enhance the teaching materials available to be used by core subjects such as Mathematics.

Energy grant funds allowed for the development of enhanced boiler management for buildings in the school and the introduction of LED lighting to be rolled out.

The school celebrated a variety of sports success during the year including reaching area finals in football. There was also development of sports such as netball and boxing with external coaches providing assistance.

The schools focus on the arts saw the success of the school production and school music concert through out the year. Both being well attended. The school also saw success in competitions for STEM projects including winning best design of a sustainable product that could be sold at the Maidstone Museum gift shop.

Aylesford School

In March 2020 Ofsted completed a Section 5 Inspection. All areas were judged to be 'good'.

The school has spent the year adjusting to the joining of the trust. As a PFI scheme manages the up keep of the buildings, there has been basic maintenance completed during the year. The school did complete required audits of the facilities in order to meet Stakeholder requirements.

Energy grant funds allowed for the development of LED lighting across all the of school. This will allow the school to see a cost benefit against current electricity levels. This work was completed during the summer holidays.

2023 saw Aylesford School achieve its best ever key stage 4 results. In addition, attendance of students during the year was well above the national figures for attendance.

Aylesford Schools remains one of the main schools in the country promoting Character Education after achieving its Character Kite Plus Mark in 2021. The school assists with assessments of schools trying to achieve the kite mark and to provide support and guidance to local schools.

The sports department continued to see success in regional and county level with Football and Rugby being victorious during the year. The development of Dance on the curriculum also saw a show taking place towards the end of the year.

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2023

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE 2022-23

Key Performance Measures

Wrotham School

	2023 (Unvalidated data*)	2022 (Validated data)
Key Stage 4		
% of students achieving grade 4+ in English	65%	87%
% of students achieving grade 4+ in Mathematics	65%	82%
% of students achieving grade 5+ in English	45%	63%
% of students achieving grade 5+ in Mathematics	39%	54%
Attainment 8	41.6	48.4
Progress 8	-0.29	-0.02
Key Stage 5	2023	2022
% of grades at A* to C (A levels and equivalent)	54%	64%
% of grades at A* B (A levels and equivalent)	17%	36%
Level 3 Value Added		
A level	-0.53	-0.43
Academic	-0.71	-0.33
Vocational	-0.16	0.09

Aylesford School

	2023 (Unvalidated data*)	2022 (Validated data)
Key Stage 4		
% of students achieving grade 4+ in English	73%	69%
% of students achieving grade 4+ in Mathematics	65%	51%
% of students achieving grade 5+ in English	51%	48%
% of students achieving grade 5+ in Mathematics	39%	54%
Attainment 8	39.7	35.52
Progress 8	-0.22	-0.84
Key Stage 5	2023 (Unvalidated data*)	2022 (Validated data)
% of grades at A* to C (A levels and equivalent)	24.17	37.58
% of grades at A* B (A levels and equivalent)	6.53	7.64
Level 3 Value Added		
A level	-1.75	0
Academic	-1.73	-0.53
Vocational	-0.41	0.06

Key Financial Performance Indicators

Staff costs (excluding FRS 102 adjustments) as a percentage of total income (excluding capital funding) for 2022/23 were:

	Actual 2023 %	Actual 2022 %	Actual 2021 %
Teaching staff	58	56	65
Educational support staff	5	7.3	8.5
Other academy support staff	10	7.7	8.3
Total Staff	<u>73</u>	<u>71</u>	<u>81.8</u>

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2023

Going Concern

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

FINANCIAL REVIEW

The trust's accounting period covers the year to 31 August 2023.

The majority of the academy trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2023 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. Additional income is achieved through lettings of the academy facilities, including a 3G All-Weather football pitch.

The academy trust also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2019), such grants are shown in the Statement of Financial Activities as restricted income in the fixed assets fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of assets concerned.

During the year ended 31 August 2023, total expenditure was £14,962,309 (2022: £7,261,755) and recurrent grant funding from the DfE together with other incoming resources amounted to £13,250,895 (2022: £5,889,132). This funding does not reflect the addition of assets from Aylesford School who joined the trust at £35,100,383. Excluding movements in the pension and fixed asset reserves, net income was £195,769 (2022: £279,287). It should be noted that surplus funds are held in the fixed asset fund of £138,280 (2022: £120,017) as the Trustees have allocated these to a sinking fund for the 3G pitch as they are required to keep the pitch in good condition as part of the grant funding agreement and there are unspent capital funds of nil (2022: £33,089) in respect of CIF projects. The total of restricted general funds plus unrestricted funds (i.e. excluding the restricted fixed asset fund and pension reserve) at the 31 August 2023 was £793,801 (2022: £578,348).

At 31 August 2023, the net book value of tangible fixed assets was £43,544,588 (2022: £10,186,333) and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education including associated support services to the pupils of the academy trust and furthering the other Objects of Character Education Trust.

Reserves Policy

The Trustees have formalised a policy on reserves, which is held separately within the budget and available to support the strategic aims of the Trust. This is monitored by Trustees and Management to ensure that sufficient reserves are maintained to meet anticipated future needs while avoiding long term accumulation of excessive funds.

With imminent changes to the funding formula it is essential that adequate revenue funds are available to support future staffing structures and curriculum initiatives, all of which is constantly reviewed through Leadership and Management and/or Trustee visits.

The trustees have determined that the appropriate level of free reserves should be between 3 and 5% of annual income. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies. Trustees also believe that the Trust should not hold excessive levels of reserves as funds should be being used for the benefit of existing children at its academies. The academy's current level of reserves, excluding fixed asset reserves and the pension deficit, is £793,801 (2022: £578,348), broken down between unrestricted reserves of £648,305 (2022: £53,152) and a restricted revenue reserves of £145,496 (2022: £525,196).

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2023

Funds in Deficit

The Local Government Pension Scheme is stated in the accounts to be in deficit in the sum of £17,000 (2022: £289,000) as at the balance sheet date. It should be noted however that this deficit will not crystallise within the foreseeable future and that the academy trust follows the advice of the pension scheme actuary and makes contributions in accordance with the rates advised. The advised level of contributions has been taken into account when preparing the academy's budgets for the year ending 31 August 2023.

Investment Policy

There are no investments held beyond cash deposits retained with the major UK clearing banks. Speculative investments are not permitted.

Principal Risks and Uncertainties

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to teaching/academic performance, provision of facilities and other operational areas of the Trust, and its finances. The Trustees have implemented a number of systems to assess risks that the Trust faces, especially in the operational area (e.g. In relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision on academy grounds) and internal financial controls in order to minimize risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The Trustees have considered the risks presented to the Trust and have implemented policies and systems to mitigate these risks. The Academy Trust will continue to manage these risks, through a series of performance reviews, monitoring and efficiency evaluation, to ensure that any future annual deficit can be met by reserves. The Trustees have deemed the following risks to be of most serious consequences to the Academy:

a) Failure to successfully recruit and retain students:

The Trust's ability to successfully recruit and retain students is key to the financial viability of the Trust. Maintaining the reputation of the Trust as one of the higher performing non-selective schools in Kent, is key in mitigating this risk as its vision to prioritising academic excellence, high expectations and development of character, being inclusive and developing the highest quality of teaching and learning.

b) Impact on Trust's funding as a result of changes to education and fiscal policy:

Given the proportion of income that arises from central and local Government, any changes to their education and fiscal policy, will impact on the financial viability of the Trust. Additional pressure is being put on the Trust's finances given predicted changes to educational funding policies, combined with inflationary pressures, additional costs arising from pension scheme contribution rates and auto-enrolment. This risk is being managed by the regular reporting and monitoring of monthly management accounts, combined with budgeting for the next three years. Where necessary corrective action is taken to keep costs in line with the Trust's funding and predicted number of students.

c) Impact of uncontrollable event, e.g. fire or flood:

The impact of a serious uncontrollable event such as fire or flood would have a significant impact on the Trust and so the risks from this are minimised by ensuring insurance and systems are up to date. An asset management plan is in place to address routine maintenance, planned maintenance and repair and other compliance. The Trust monitors the sites termly to review existing maintenance schedules and plans for repairs to keep both sites meeting the relevant regulations for site. This with Aylesford School means working alongside the PFI stakeholders who complete additional audit checks yearly. At Wrotham expertise from the site manager and third party experts allow for the monitoring of the site over a regular period. This is monitored by the trust board and the local governing body.

The plans and strategies employed to manage the above risks are explained in the Governance Statement.

**CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2023**

FUNDRAISING

The trust does not currently use external fundraisers to generate funding for the trust. All internally generated fundraising undertaken during the year was monitored by the trustees.

The trust completed a sponsored walk for the students in July. The school was able to have charity quizzes and a jumble sale during the year.

PLANS FOR FUTURE PERIODS

The Trustees are committed to growing a medium Multi Academy Trust which will include academies/schools from the primary and secondary phase. They recognise and value the benefits of collaboration and partnership, including the challenge and support that benefits all when schools work together. The trust works alongside schools who are not in a trust to show the benefits with no pressure of being forced to join a trust.

The Trust working with Department of Education on the rebuild of Wrotham School. Planning permission was being sought at year end for the rebuild of the site to meet modern requirements. The school is looking for reserves to assist in the new equipment required for the school.

The school worked to make sure all external areas are maintained to a high standard and have worked to have new tarmac areas and to make sure landscaping removes all trip hazards.

The trust have worked to complete the academy conversion for Aylesford School to join the trust. This was achieved on the 1st September 2022. The trust has also worked at improvements at Aylesford School including renovation on one of the classroom blocks with new false ceilings and new flooring being fitted.

The trust are using its knowledge from the past ten years to consider where future spending is required. The trust have worked hard over the past three years to build reserves so capital expenditure could be completed. This is offset with the knowledge of urgent expenditure for site development or curriculum requirements, could be made during the year. The extensive work on the budget plans give the trust the flexibility if required to react on the short term basis.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

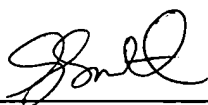
The Academy Trust distributes 16 – 19 bursary funds to the students as an agent for the ESFA. Details including any amounts not dispersed by the financial year end are disclosed in note 31 to the financial statements.

AUDITORS

In so far as the trustees are aware

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

Report of the Trustees, incorporating a Strategic Report, was approved by order of the members of the Board of Trustees on 12th December 2023 and signed on its behalf by:



S Smith
Chair Of Trustees

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2023

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Character Education Trust has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Character Education Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information included on Governance here supplements that described in the Report of the Trustees and in the Statement of Trustees' Responsibilities. The full Board of Trustees has formally met 7 times during the financial year ended 31 August 2023 and attendance during that period at meetings of the Board of Trustees was as follows:

Trustee	Meetings Attended	Out of a Possible
S Smith, Chair	5	6
L Blumsum	5	6
A Malik	2	6
R Metzler	3	6
M C Reeve	6	6
D Turner	2	4
M Wright, Chief Executive Officer & Accounting Officer	2	6

There was no appointments and one resignation during the year. The resignation was linked to the death of a trustee.

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2023

The Trust Board's work this year has been focused on the following key areas:

- The quality of provision and outcomes for students at Wrotham School (Academy)
- The leadership and management of Trust finances.
- To work on expanding the site including building a CIF expansion bid and working with the Department of Education for potential redevelopment of the school.
- Trustees have been co-opted onto the local governing body of Aylesford School to support and develop the quality of governance.
- Trustees have supported Trust leaders in the completion of a Condition Improvement Fund bid that has successfully led to the funding of new windows
- Trustees have met with Chairs of Governors of local schools to inform them of the work of Character Education Trust.

In September 2020 the Trust further developed its governance structure to create a separate trust board and a local governing body for Wrotham School. This is reflected at Companies House which shows members of the trust resigning to become members of the local governing body.

The main board of trustees remit includes finance and audit. The trust does not operate a separate committee agenda. Items are added to at least three meetings of the full board to cover the finance and audit committee remit.

Governance Review

During the year, the Review of Governance arrangements, including skills audit, was undertaken and no shortfalls in any areas were found.

The Board of Trustees review Governance arrangements annually and this involves a skills audit.

Conflicts of interest

The trust works hard to make sure there are sufficient processes in place to avoid conflicts of interests. The trust monitors registers of interests for Aylesford School, Wrotham School and the trust. Where required there are clear separation of roles and monitoring responsibilities amongst the local governing bodies and the trust board. The trust has no ownership issues of any subsidiaries, joint ventures or associates.

Review of Value for Money

As accounting officer, the Chief Executive Officer has responsibility for ensuring that the Academy 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, as well as estates safety and management, achieved in return for the taxpayer resources received.

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

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2023

Review of Value for Money -CONTINUED

- Using both central and local government frameworks to secure competitive prices on major areas of expenditure including energy
- Reviews by trustees to analyse Key Performance Indicators at Wrotham and Aylesford schools to identify areas of review to be considered by a trustee when reviewing the finances of the trust.
- Benchmarking financial data not only across the two schools but also with other similar schools.
- Reviewing all contracts as they come up for renewal, to ensure that the Trust is achieving value for money and that risk is being minimised
- Completing tendering process for projects completed during the year.
- To monitor the school site to make sure that the site is safe including boiler maintenance and energy efficiency reviews
- Review the maintenance of the grounds including changing suppliers for grounds maintenance at Wrotham School.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The school appointed Juniper Education for carrying out internal reviews. Two reviews were carried out on the effectiveness of financial control and Health and Safety measures.

The system of internal control has been in place in Character Education Trust for the year ended 31st August 2023 and up to date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year ended 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 Trustees.

The Risk and Control Framework

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

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

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2023

The Risk and Control Framework – continued

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint an internal auditor. The trustees also completed internal reviews on the finance function as well as those conducted by Juniper Education.

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

- Testing of purchase systems
- Testing of control accounts
- Review of credit card payments
- Review of health and safety procedures

The internal auditors' reports to the Board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. This is completed every two terms.

Juniper was chosen as a sub contractor due to their extensive knowledge and experience in providing internal reviews. Someone recruited would not have allowed for benchmarking with other trusts. The trust also wanted a review from an external source not linked to the trust.


Review of Effectiveness

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


- the work of the internal auditor
- the work of the external auditor; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 12th December 2023 and signed on its behalf by:



S Smith
Chair of Trustees



M Wright
Accounting Officer

CHARACTER EDUCATION TRUST

(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2023

As Accounting Officer of Character Education Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of all funding, including for estates safety and management, under the funding agreement between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2022, including responsibilities for estate safety and management.

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



M Wright

Accounting Officer

Dated: 12th December 2023

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF TRUSTEES RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2023

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

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


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 12th December 2023 and signed on its behalf by:



S Smith
Chair of Trustees

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

Opinion

We have audited the financial statements of Character Education Trust (the 'charitable company') for the year ended 31 August 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, 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 Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the Multi 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, and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2022 to 2023.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

CHARACTER EDUCATION TRUST

(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF

CHARACTER EDUCATION TRUST

(A COMPANY LIMITED BY GUARANTEE)

Other Information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Other information includes the report of the trustees (incorporating the strategic report and the directors' report), the governance statement, and the Accounting Officer's statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Options 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 Report of the Trustees (incorporating the strategic report and the directors report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

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

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or 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 a Report of the Independent Auditors 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:

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:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the academy trust through discussions with directors and our experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the academy trust, including, but not limited to, the Companies Act 2006, charities statement of recommended practice, the Academies Trust Handbook and UK tax legislation
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the academy trust's financial statements 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;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- agreed financial statements disclosures to underlying supporting documentation;
- read the minutes of meetings of those charged with governance;
- enquired of management as to actual and potential litigation and claims; and
- reviewed correspondence with HMRC and the relevant regulator

CHARACTER EDUCATION TRUST

(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF

CHARACTER EDUCATION TRUST

(A COMPANY LIMITED BY GUARANTEE)

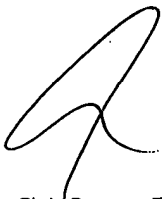
Auditors responsibilities for the audit of the financial statements

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Committee of Management and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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 Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Clair Rayner FCA DChA (Senior Statutory Auditor)

for and on behalf of McCabe Ford Williams

Statutory Auditors and Chartered Accountants

Building 1063

Cornforth Drive

Sittingbourne

Kent

ME9 8HL

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO CHARACTER EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 9th June 2022 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 Character Education Trust during the period 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 Character Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Character Education Trust and the 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 Character Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective Responsibilities of Character Education Trust's Accounting Officer and the Reporting Accountant

The accounting officer is responsible, under the requirements of Character Education Trust's funding agreement with the Secretary of State for Education and the Academies Financial 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 period 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 the 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.

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO CHARACTER EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

The work undertaken to draw our conclusion includes:

- Review of the internal control environment which is designed to ensure compliance with regulations;
- Review of the work and reports of the internal auditor during the period;
- Analytical procedures regarding declaration of potential conflicts of interest by key staff and the governing body;
- Review of fixed asset transactions against the requirements of the funding agreement and the Academies Financial Handbook;
- Testing of grants and other income for application in accordance with the terms and requirements attached;
- Review of the Academy Trust's activities to check they are in line with the Academies Framework and the Academy Trust's charitable objectives;
- Review of bank statements and financial transactions for indications of any items which may be improper;
- Review of bank accounts to check that they are operated within the terms of the Multi Academy Trust's governing document and borrowing limits imposed by the funding agreement are not exceeded;
- Testing of expenditure, including expense claims for signs of transactions for personal benefit;
- Review of any extra-contractual payments made to staff;
- Review of procurement activity during the period.

Conclusion

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



McCabe Ford Williams
Chartered Accountants
Building 1063
Cornforth Drive
Sittingbourne
Kent
ME9 8HL

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME)
FOR THE YEAR ENDED 31 AUGUST 2023

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	31.08.23 Total Funds £	31.08.22 Total Funds £
Income and Endowments from:						
Donations and capital grants	2	720,580	(107,000)	34,606,161	35,219,741	(183,260)
Charitable activities:						
Funding for the Academy Trust's educational operations	3	480,527	12,514,615		12,995,142	5,986,094
Other trading activities	4	119,834	-		119,834	86,125
Investments	5	16,561			16,561	173
Total		1,337,501	12,407,615	34,606,161	48,351,278	5,889,132
Expenditure on:						
Raising funds	6				-	-
Charitable activities:						
Academy Trust's educational operations	7	665,624	12,892,262	1,345,962	14,903,848	7,208,483
Other:	8	58,461			58,461	53,272
Total		724,085	12,892,262	1,345,962	14,962,309	7,261,755
Net Income / (Expenditure)		613,416	(484,647)	33,260,199	33,388,968	(1,372,623)
Transfer between funds	19	(18,263)	(69,053)	87,316	-	-
Net Income / (expenditure) for the year before other recognised gains and losses - carried forward		595,153	(553,700)	33,347,515	33,388,968	(1,372,623)

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME)
FOR THE YEAR ENDED 31 AUGUST 2023

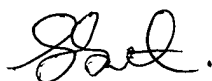
	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	31.08.23 Total Funds £	31.08.22 Total Funds £
Net income / (expenditure) for the year before other recognised gains and losses - brought forward		595,153	(553,700)	33,347,515	33,388,968	(1,372,623)
Other recognised gains / losses						
Actuarial Gains / (losses) on defined benefit pension schemes	29		446,000		446,000	1,655,000
Net movement in funds		595,153	(107,700)	33,347,515	33,834,968	282,377
Reconciliations of funds						
Total funds brought forward		<u>53,152</u>	<u>236,196</u>	<u>10,308,221</u>	<u>10,597,569</u>	<u>10,315,192</u>
Total funds carried forward		<u>648,305</u>	<u>128,496</u>	<u>43,655,736</u>	<u>44,432,537</u>	<u>10,597,569</u>

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

BALANCE SHEET
AS AT 31 AUGUST 2023

	Notes	31.08.23 £	31.08.23 £	31.08.22 £	31.08.22 £
Fixed Assets					
Tangible assets	15		43,544,588		10,186,333
Stock					
Debtors	16	267,216		229,918	
Cash at bank and in hand		<u>1,492,441</u>		<u>1,117,560</u>	
		1,759,657		1,347,478	
Liabilities					
Creditors: Amounts falling due within on year	17	<u>(831,495)</u>		<u>(627,070)</u>	
Net Current Assets			928,162		720,408
Total assets less current liabilities			44,472,750		10,906,740
Creditors: Amount falling due after more than one year	18		<u>(23,214)</u>		<u>(20,172)</u>
Net assets excluding pension scheme liabilities			44,449,537		10,886,569
Defined benefit pension scheme liability	29		<u>(17,000)</u>		<u>(289,000)</u>
Total net assets			<u>44,432,537</u>		<u>10,597,569</u>
Funds of the Academy Trust:					
Restricted funds					
Fixed asset fund	19	43,655,735		10,308,221	
General Funds	19	145,494		525,196	
Pension reserve	19	<u>(17,000)</u>		<u>(289,000)</u>	
Total Restricted funds			43,784,230		10,544,417
Unrestricted funds					
General funds		<u>648,305</u>		<u>53,152</u>	
Total unrestricted funds			<u>648,305</u>		<u>53,152</u>
Total funds			<u>44,432,535</u>		<u>10,597,569</u>

The financial statements on pages twenty one to forty eight were approved by the trustees, and authorised for issue on 12th December 2023, and signed on their behalf by:



S Smith
Chair of Trustees
Company Registered Number: 07662701

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2023

		31.08.23	31.08.22
		£	£
	Notes		
Cash flows from operating activities			
Net cash (used in) / provided by operating activities	23	(254,437)	529,636
Cash flows from investing activities	24	633,404	(347,397)
Cash flows from financing activities	25	(4,086)	(2,630)
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		<u>374,881</u>	<u>179,609</u>
Cash and cash equivalents at 1st September 2022		<u>1,117,560</u>	<u>937,950</u>
Cash and cash equivalents at 31st August 2023	26	<u>1,492,441</u>	<u>1,117,560</u>

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1 ACCOUNTING POLICIES

Character Education Trust is a charitable company limited by guarantee and an exempt charity incorporated in England and Wales. The registered office is Wrotham School, Borough Green Road, Wrotham, Sevenoaks, Kent TN15 7RD. The principal activity of the Multi Academy Trust is to provide an education for pupils that satisfies the requirements of the Education Act 2002. 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.

Basis of preparation

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

Going concern

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

Income

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

• Grants receivable

Grants 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 period 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 grant are reflected in the balance 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.

• Sponsorship Income

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

1 ACCOUNTING POLICIES - continued

Income - continued

• Donations

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

• Other income

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

• Donated services and gifts in kind

The value of donated services and gifts in kind provided to the Multi Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the Academy Trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's policies.

• Transfer of existing academies in to the Multi Academy Trust

Where assets and liabilities are received on the transfer of an existing academy into the academy trust, the transferred net assets are measured at fair value and recognised in the Balance Sheet at the point where the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised for the transfer of an existing academy in to the multi academy trust within donations and capital grant income to the net assets required.

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 Multi 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 Multi Academy Trust's educational and leisure operations, including support costs and costs relating to the governance of the Multi Academy Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

1 ACCOUNTING POLICIES - continued

Tangible fixed assets - continued

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

Freehold buildings	- 2% straight line for buildings that will remain - 20% straight line for buildings that will be demolished
Fixtures and fittings	- 10% reducing balance
Motor vehicles	- 25% reducing balance
Computer equipment	- 20% straight line

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

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.

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 Multi 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.

Leased assets

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

Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised costs 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 service rather than cash or another financial instrument.

**CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023**

1 ACCOUNTING POLICIES - continued

Taxation

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

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated 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. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions 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 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.

Fund accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/ donor and include grants from the Education and Skills Funding Agency (ESFA)/ Department for Education and Kent County Council.

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

1 ACCOUNTING POLICIES - continued

Agency arrangements

The Multi Academy Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the 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 Multi Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid, and any balances held, are disclosed in note 31.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

The Multi 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pension 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.

Critical areas of judgement

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 15 for the carrying amount of the property, plant and equipment.

Wrotham School is part of the 50 school rebuild programme. This will mean that the department of education will consider the future requirements of the schools as part of a rebuild and expansion programme.

The process is going through the consultation phase. On this basis, the accounts have been prepared to reflect the buildings that are expected to be demolished have been reflected as a 20% straight line amortisation to reflect the buildings will not be on site in five years time.

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

2 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £	Restricted Funds £	31.08.23 Total Funds £	31.08.22 Total Funds £
Capital grants			-	(203,969)
Devolved capital funding		40,091	40,091	20,209
Additional capital funding		72,251	72,251	
Other donations	7,016		7,016	500
Transfer of assets from school	713,564	34,386,819	35,100,383	
	<u>720,580</u>	<u>34,499,161</u>	<u>35,219,741</u>	<u>(183,260)</u>

3 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	31.08.23 Total Funds £	31.08.22 Total Funds £
DfE/ESFA revenue grants				
General Annual Grant (GAG)		9,757,407	9,757,407	4,061,250
Pupil premium		334,985	334,985	140,420
Academy conversion Grant		-	-	80,000
6th form grant		1,233,302	1,233,302	680,300
Supplementary Grant		280,003	280,003	
Teachers Pay Grant		559	559	11,538
Teachers Pension Grant		51,919	51,919	32,600
Other DfE Group grants		426,919	426,919	199,752
	<u>-</u>	<u>12,085,095</u>	<u>12,085,095</u>	<u>5,205,860</u>
Other Government grants				
Local authority grants		136,360	136,360	118,416
Trust expansion grant		206,381	206,381	174,311
Other Grants		29,920	29,920	
Exceptional Government Funding				
Coronavirus Job Retention Scheme Grant			-	-
RPA Insurance claim		56,858	56,858	
Health and Social care levy supplementary grant			-	59,830
Free School Meals			-	-
COVID Recovery Grant			-	41,838
COVID Catch up Grant			-	-
COVID Vaccination funding			-	1,682
COVID Testing Grant			-	16,160
		56,858	56,858	119,510
Other income from the Academy Trust's educational operations	480,527	-	480,527	367,997
Total income from charitable activities	<u>480,527</u>	<u>12,514,615</u>	<u>12,995,142</u>	<u>5,986,094</u>

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

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

4 OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	31.08.23 Total Funds £	31.08.22 Total Funds £
Letting income - 3G	71,090	-	71,090	68,418
Letting income - other	6,825		6,825	3,171
Sale of educational materials	41,919		41,919	14,536
	<u>119,834</u>	<u>-</u>	<u>119,834</u>	<u>86,125</u>

5 INVESTMENTS

	Unrestricted Funds £	Restricted Funds £	31.08.23 Total Funds £	31.08.22 Total Funds £
Interest	16,561	-	16,561	173
	<u>16,561</u>	<u>-</u>	<u>16,561</u>	<u>173</u>

6 EXPENDITURE

	Staff costs £	Premises costs £	Other costs £	31.08.23 Total £	31.08.22 Total £
Cost of generating voluntary income				-	-
Academy's education operations				-	-
Direct costs	7,400,871	1,262,574	1,074,817	9,738,262	5,470,687
Allocated support costs	<u>2,235,895</u>	<u>2,066,662</u>	<u>863,029</u>	<u>5,165,586</u>	<u>1,737,796</u>
	9,636,766	3,329,236	1,937,846	14,903,848	7,208,483
Other			58,461	58,461	53,272
	<u>9,636,766</u>	<u>3,329,236</u>	<u>1,996,307</u>	<u>14,962,309</u>	<u>7,261,755</u>

Net income / (expenditure) for the year includes:

	31.08.23	31.08.22
Auditors remuneration	9,000	8,750
Auditor's remuneration for non-audit work	6,305	3,235
Depreciation - owned assets	1,345,967	1,246,149

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

7 CHARITABLE ACTIVITIES- ACADEMY TRUST EDUCATIONAL OPERATIONS AND LEISURE, RECREATION AND COMMUNITY

	Unrestricted Funds £	Restricted Funds £	31.08.23 Total Funds £	31.08.22 Total Funds £
Direct costs				
Teaching and educational support staff costs		6,908,938	6,908,938	3,618,158
Recruitment and support		491,933	491,933	198,610
Depreciation		1,262,574	1,262,574	1,223,615
Educational supplies		342,220	342,220	178,741
Equipment and IT purchases		164,284	164,284	54,199
Examination fees		197,962	197,962	83,144
School trips	260,850	-	260,850	89,184
Staff development		39,485	39,485	3,536
Educational consultancy		70,017	70,017	21,500
	<u>260,850</u>	<u>9,477,413</u>	<u>9,738,262</u>	<u>5,470,687</u>
Allocated support costs - Academy Trusts educational operations				
Support staff costs	149,063	2,019,832	2,168,895	724,811
FRS 102 Service cost adjustment		67,000	67,000	222,000
Depreciation		83,388	83,388	22,534
Premises expenses		133,127	133,127	104,707
Cleaning		109,977	109,977	101,074
Professional fees		171,772	171,772	16,350
Rent, rates and water		86,463	86,463	55,858
Insurance		50,004	50,004	17,788
Security, travel and subsistence		29,258	29,258	8,181
Catering	255,711	-	255,711	159,500
Light and heat		325,163	325,163	181,950
PFI Charges		1,328,544	1,328,544	
Bank interest and charges		8,590	8,590	3,531
Computer costs		11,457	11,457	20,775
Printing, postage and stationery		234,185	234,185	12,826
Governance costs (note 9)		24,981	24,981	14,299
Other support costs		77,071	77,071	71,612
	<u>404,774</u>	<u>4,760,812</u>	<u>5,165,586</u>	<u>1,737,796</u>
	<u>665,624</u>	<u>14,238,224</u>	<u>14,903,848</u>	<u>7,208,483</u>

8 OTHER EXPENDITURE

	Unrestricted Funds £	Restricted Funds £	31.08.23 Total Funds £	31.08.22 Total Funds £
3G Expenditure	58,461	-	58,461	53,272
	<u>58,461</u>	<u>-</u>	<u>58,461</u>	<u>53,272</u>

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

9 GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	31.08.23 Total Funds £	31.08.22 Total Funds £
Auditor's remuneration				
Audit of financial statements		9,000	9,000	8,750
Non audit services		6,305	6,305	3,235
Governor training and meeting costs		9,676	9,676	2,314
Other costs		-	-	-
	<u>-</u>	<u>24,981</u>	<u>24,981</u>	<u>14,299</u>

10 STAFF COSTS

a) Staff costs				
Staff costs during the year were:			31.08.23 £	31.08.22 £
Wages and salaries			6,955,477	3,342,134
Social security costs			718,745	347,262
Pension costs			1,554,937	905,091
			9,229,159	4,594,487
Supply teacher costs			407,607	169,092
			<u>9,636,766</u>	<u>4,763,579</u>

b) Non-statutory/non contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2022: £nil).

c) Staff numbers

The average number of persons (including senior management team) employed by the Academy Trust during the year expressed as head count and full time equivalents was as follows:

	31.08.23		31.08.22	
Charitable activities	Head count	FTE	Head count	FTE
Teachers and educational support	120	92	64	55
Administration and support	89	67	45	26
Management	22	17	10	9
	<u>231</u>	<u>176</u>	<u>119</u>	<u>90</u>

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

10 STAFF COSTS - continued

d) Higher paid staff

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

	31.08.23	31.08.22
£60,001 - £70,000	2	1
£70,001 - £80,000	2	0
£100,001 - £110,000	1	1
£110,001 - £120,000	1	0
£130,001 - £140,000	0	1
£140,001 - £150,000	1	0

e) Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £1,766,013 (2022: £844,062).

11 RELATED PARTY TRANSACTIONS - TRUSTEE'S REMUNERATION AND EXPENSES

One trustee has been paid remuneration or has received other benefits from employment with the Academy Trust. The CEO only receive remuneration in respect of services he provides undertaking the roles of CEO under their contracts of employment, and not in respect of their roles as a trustee. The value of trustee remuneration and other benefits was as follows:

	2023	2022
	£	£
M Wright		
Remuneration	140,001 – 145,000	135,001 – 140,000
Pension contributions paid	30,001 - 35,000	30,001 - 35,000

Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees. During the year ended 31 August 2023, travel and subsistence expenses totalling £nil (2022: £nil) were reimbursed to trustees.

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

12 TRUSTEES' AND OFFICERS' INSURANCE

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

13 CENTRAL SERVICES

No central services were provided by the academy trust to its academies during the period and no central charges arose.

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

14 COMPARATIVE PERIOD STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted Funds £	Restricted Amended Funds £	Restricted Fixed Asset Funds £	31.08.22 Total Funds £
Income and endowments from:					
Donation and capital grants	2	500		(183,760)	(183,260)
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	367,997	5,618,097	-	5,986,094
Amendment to funding	4	86,125			0
Other trading activities	5	173			86,125
Investments					173
Total Income		454,795	5,618,097	(183,760)	5,889,132
Expenditure on:					
Raising funds	6				
<i>Charitable activities:</i>					
Academy Trust educational operations	7	380,905	5,581,428	1,246,150	7,208,483
Other	8	53,272			53,272
Total expenditure	6	434,177	5,581,428	1,246,150	7,261,755
Net Income / (expenditure)		20,618	36,669	(1,429,910)	(1,372,623)
Transfer between funds	21	(38,684)	(23,351)	62,035	
Net Income / (expenditure) for the year before other recognised gains and losses		(18,066)	13,318	(1,367,875)	(1,372,623)
Other recognised (losses) / gains:					
Actuarial (losses) on defined benefit pension schemes	21 & 25		1,655,000		1,655,000
Net movement in funds		(18,066)	1,668,318	(1,367,875)	282,377
Reconciliation of funds					
Total funds brought forward		71,218	(1,432,122)	11,676,096	10,315,192
Total funds carried forward		53,152	236,196	10,308,221	10,597,569

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

15 TANGIBLE FIXED ASSETS

	Freehold Property £	Assets Under Construction £	Motor Vehicles £
COST			
At 01 September 2022	12,665,455	-	11,916
Additions	11,294	-	-
Additions from academy	34,280,000	-	8,000
Transfers	-	-	-
Disposals	-	-	-
At 31 August 2023	<u>46,956,749</u>	<u>-</u>	<u>19,916</u>
DEPRECIATION			
At 01 September 2022	2,624,340	-	9,761
Charge for year	1,262,574	-	1,372
Eliminated on disposal	-	-	-
At 31 August 2023	<u>3,886,914</u>	<u>-</u>	<u>11,133</u>
NET BOOK VALUE			
At 31 August 2023	<u>43,069,835</u>	<u>-</u>	<u>8,784</u>
At 31 August 2022	<u>10,041,115</u>	<u>-</u>	<u>2,155</u>
	Fixtures & fittings £	Computer equipment £	Total £
COST			
At 01 September 2022	186,096	321,848	13,185,315
Additions	134,586	63,184	209,063
Additions from academy	61,969	143,850	34,493,819
Disposals	-	-	-
At 31 August 2023	<u>382,651</u>	<u>528,881</u>	<u>47,888,198</u>
DEPRECIATION			
At 01 September 2022	75,737	289,144	2,998,984
Charge for year	29,720	50,961	1,344,627
Eliminated on disposal	-	-	-
At 31 August 2023	<u>105,457</u>	<u>340,104</u>	<u>4,343,612</u>
NET BOOK VALUE			
At 31 August 2023	<u>277,193</u>	<u>188,777</u>	<u>43,544,588</u>
At 31 August 2022	<u>110,359</u>	<u>32,704</u>	<u>10,186,333</u>

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

The freehold of Aylesford School was donated to the academy trust at a value of £33,900,000.

The freehold of 39 Teapot Lane was donated to the academy trust at a value of £380,000.

CHARACTER EDUCATION TRUST
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NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

16 DEBTORS

	31.08.23	31.08.22
	£	£
Trade debtors	6,353	6,660
VAT	59,264	91,146
Prepayments and accrued income	201,599	132,112
Other debtors		
	267,216	229,918

17 CREDITORS: AMOUNTS FALLING DUE WITHING ONE YEAR

	31.08.23	31.08.22
	£	£
Other loans	3,918	11,046
Trade creditors	53,744	106,545
Other taxation, social security and pensions	360,665	165,642
Other creditors	19,480	2,303
Accruals and deferred income	393,688	341,534
	831,495	627,070

Deferred income was broken down as follows

	31.08.23	31.08.22
	£	£
Deferred income at 1 September 2022	103,380	102,851
Resources deferred in the year	441	71,813
Amounts released from previous years	(81,577)	(71,284)
Deferred income at 31 August 2023	22,244	103,380

At the balance sheet date the Academy Trust was holding funds as follows:

	31.08.23	31.08.22
	£	£
Catering income	8,502	8,062
Charity income	1,448	1,978
School trips	7,265	13,311
Wrotham walk	4,029	4,029
Alternative provision	-	-
Trust contributions	-	75,000
Grant funding	1,000	1,000
Deferred income at 31 August 2021	22,244	103,380

18 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	31.08.23	31.08.22
	£	£
Other loans	23,214	20,172
	23,214	20,172
Included within the above are amounts falling due as follows:	31.08.23	31.08.22
	£	£
Other loans	15,670	11,046
Between two and five years	7,544	9,126
Other loans		
	23,214	20,172

CIF loans at £10,000 and £23,848 were awarded in 2020. The loans are repayable over 3 years and are interest free.

CHARACTER EDUCATION TRUST
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NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

19 FUNDS

	Balance at 01-Sep 2022 £	Incoming Resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31-Aug 2023 £
Restricted fixed asset funds					
Assets held for depreciation	10,186,333	34,493,819	(1,345,962)	210,398	43,544,588
Capital funding	33,089	112,342		(145,431)	-
Sinking fund	120,017			18,263	138,280
Salix loan	(31,218)			4,086	(27,132)
	<u>10,308,221</u>	<u>34,606,161</u>	<u>(1,345,962)</u>	<u>87,316</u>	<u>43,655,736</u>
Restricted general funds					
General Annual Grant (GAG)	469,806	9,757,407	(9,994,788)	(86,930)	145,496
Pension Reserve	(289,000)	(107,000)	(67,000)	446,000	(17,000)
Other DfES / ESFA grants	55,390	2,757,207	(2,830,474)	17,877	-
Other grant income					-
Other income					-
	<u>236,196</u>	<u>12,407,615</u>	<u>(12,892,262)</u>	<u>376,947</u>	<u>128,496</u>
Total restricted funds	<u>10,544,417</u>	<u>47,013,776</u>	<u>(14,238,224)</u>	<u>464,263</u>	<u>43,784,232</u>
Unrestricted funds					
Unrestricted funds	<u>53,152</u>	<u>1,337,501</u>	<u>(724,085)</u>	<u>(18,263)</u>	<u>648,305</u>
Total unrestricted funds	<u>53,152</u>	<u>-</u>	<u>(724,085)</u>	<u>(18,263)</u>	<u>648,305</u>
Total funds	<u>10,597,569</u>	<u>47,013,776</u>	<u>(14,962,309)</u>	<u>446,000</u>	<u>44,432,538</u>

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

General Annual Grant (GAG)

Funds must be used for the normal running costs of the Academy Trust. The Academy Trust is allowed to carry forward funds in accordance with the Academies Financial Handbook, which is reviewed annually. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2023.

Other restricted general funds

Funding is provided by government grants in addition to the GAG which must be used for the provision of education for special needs purposes and other specified activities.

The pension liability has been charged to restricted reserves. This is because the obligation to fund the deficit is met from the General Annual Grant funding which is accounted for through restricted reserves and therefore it is more appropriate to charge the deficit to restricted reserves.

Restricted fixed asset funds

Funding is provided by way of government grants or capital expenditure from the GAG in order to acquire specified fixed assets for use by the Academy Trust in achieving its educational objectives.

CHARACTER EDUCATION TRUST
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NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

19 FUNDS - continued

Unrestricted funds

Unrestricted funds can be used for any purpose at the discretion of the Academy Trust.

Transfers between trusts

During the year the Multi Academy Trust funded fixed asset purchases with a transfer from the general annual grant. Other transfers were made to move the surplus on the 3G pitch lettings to a sinking fund for a replacement pitch, repayment of the Salix loan.

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

	Balance at 01-Sep 2021 £	Incoming Resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31-Aug 2022 £
Restricted fixed asset funds					
Assets held for depreciation	11,064,704		(1,246,149)	367,779	10,186,333
Capital funding	563,907	(183,760)	-	(347,058)	33,089
Sinking fund	81,333			38,684	120,017
Salix loan	(33,848)			2,630	(31,218)
	<u>11,676,096</u>	<u>(183,760)</u>	<u>(1,246,149)</u>	<u>62,035</u>	<u>10,308,221</u>
Restricted general funds					
General Annual Grant (GAG)	289,878	4,061,251	(3,857,970)	(23,351)	469,808
Pension Reserve	(1,722,000)		(222,000)	1,655,000	(289,000)
Other DfES / ESFA grants		1,075,862	(1,020,472)		55,390
Teachers Pension Grant					
Other Grant Income		16,160	(16,160)		
Other income		464,825	(464,825)		
	<u>(1,432,122)</u>	<u>5,618,098</u>	<u>(5,581,427)</u>	<u>1,631,649</u>	<u>236,198</u>
Total restricted funds	<u>10,243,974</u>	<u>5,434,338</u>	<u>(6,827,576)</u>	<u>1,693,684</u>	<u>10,544,419</u>
Unrestricted funds					
Unrestricted funds	<u>71,218</u>	<u>454,795</u>	<u>(434,177)</u>	<u>(38,684)</u>	<u>53,152</u>
Total unrestricted funds	<u>71,218</u>	<u>454,795</u>	<u>(434,177)</u>	<u>(38,684)</u>	<u>53,152</u>
Total funds	<u>10,315,192</u>	<u>5,889,133</u>	<u>(7,261,753)</u>	<u>1,655,000</u>	<u>10,597,571</u>

Total Fund balances at 31st August 2023 were allocated as follows:

	2023	2022
Wrotham School	422,702	578,350
Aylesford School	371,100	-
Total before fixed assets and pension reserve	793,802	578,350
Restricted fixed asset fund	43,655,736	10,308,221
Pension Reserve	(17,000)	(289,000)
Total	<u>44,432,538</u>	<u>10,597,571</u>

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NOTES OF THE FINANCIAL STATEMENTS
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19 FUNDS - continued

Total Cost Analysis by Academy

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

					2022/23	2021/22
	Teaching and educational support staff costs £	Other Support staff costs £	Educational Supplies £	Other Costs (exclucing Depreciation) £	Total £	Total £
Wrotham School	4,519,815	149,063	194,110	1,670,166	6,533,154	5,740,334
Aylesford School	4,408,955	-	160,945	2,387,832	6,957,732	-
Character Education Trust	<u>8,928,770</u>	<u>149,063</u>	<u>355,056</u>	<u>4,057,998</u>	<u>13,490,886</u>	<u>5,740,334</u>

20 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed asset Funds £	Total £
Tangible fixed assets			43,544,588	43,544,588
Current Assets	648,305	973,072	138,280	1,759,657
Current Liabilities		(827,576)	(3,919)	(831,495)
Creditors due more than 1 year			(23,214)	(23,214)
Pension scheme liability		(17,000)		(17,000)
	<u>648,305</u>	<u>128,496</u>	<u>43,655,735</u>	<u>44,432,536</u>

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

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed asset Funds £	Total £
Tangible fixed assets			10,186,333	10,186,333
Current Assets	53,152	937,249	357,077	1,347,478
Current Liabilities		(412,053)	(215,017)	(627,070)
Creditors due more than 1 year			(20,172)	(20,172)
Pension scheme liability		(289,000)		(289,000)
	<u>53,152</u>	<u>236,196</u>	<u>10,308,221</u>	<u>10,597,571</u>

21 CAPITAL COMMITMENTS

	31.08.23	31.08.22
	£	£
Contracted but not provided for in the financial statements	<u>32,467</u>	-

CHARACTER EDUCATION TRUST
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NOTES OF THE FINANCIAL STATEMENTS
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22 OPERATING LEASE COMMITMENTS

A) Operating leases

At 31 August 2023 the total of the Academy Trusts future minimum lease payments under non - cancellable operating leases were:

	31.08.23	31.08.22
	£	£
Amounts payable:		
Within one year	5,142	2,310
Between 1 and 5 years	17,997	-
After 5 years	-	-
	<u>23,139</u>	<u>2,310</u>

B) Long - term commitments

At 31 August 2023 the total of the Academy Trusts future minimum lease payments under other contractual commitments were:

	31.08.23	31.08.22
	£	£
Amounts payable:		
Within one year	292,873	-
Between 1 and 5 years	1,464,367	-
After 5 years	1,464,367	-
	<u>3,221,607</u>	<u>-</u>

The Character Education Trust occupies premises which are subject to a private finance initiative (PFI) contract. The trust itself is not party to this service concession contract, however the academy trust has entered in to a supporting agreement towards the costs of the local authority. The above relates to the commitments to operating payments including costs for catering, cleaning, utilities and other ancillary services.

C) Finance Leases treated as operating lease

At 31 August 2023 the total of the Academy Trusts future minimum lease payments under non - cancellable finance leases were:

	31.08.23	31.08.22
	£	£
Amounts payable:		
Within one year	15,627	-
Between 1 and 5 years	62,508	-
After 5 years	-	-
	<u>78,136</u>	<u>-</u>

CHARACTER EDUCATION TRUST
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NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

23 RECONCILIATION OF NET INCOME / (EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.08.23	31.08.22
	£	£
Net income / (expenditure) for the period (as per the Statement of Financial Activities)	33,388,968	(1,372,622)
Adjusted for:		
Depreciation charges (note 13)	1,344,627	1,246,150
Capital grants from DfE/ESFA and other capital income (note 2)	(112,342)	(20,209)
Inherited Pension liability	107,000	
Assets transferred from school joining trust	(34,493,821)	
Inherited cash balance	(713,564)	
Interest receivable	(16,561)	(173)
Defined benefit pension scheme costs less contributions payable (note 27)	56,000	194,000
Defined benefit pension scheme costs (note 27)	11,000	28,000
(Increase)/ Decrease in stock	-	-
(Increase)/ Decrease in debtors	(37,298)	176,517
Increase/ (Decrease) in creditors	211,553	277,973
	<u>(254,437)</u>	<u>529,636</u>
Net cash (Used in) / provided by operating activities		

24 CASH FLOWS FROM INVESTING ACTIVITIES

	31.08.23	31.08.22
	£	£
Dividends, interest and rents from investments	16,561	173
Inherited cash	713,564	-
Purchase of tangible fixed assets	(209,063)	(367,779)
Capital grants from DfE/ESFA (note 2)	112,342	20,209
	<u>633,404</u>	<u>(347,397)</u>
Net cash provided by / (used in) financing activities		

25 CASH FLOWS FROM FINANCING ACTIVITIES

	31.08.23	31.08.22
	£	£
Repayments of borrowings	(4,086)	(2,630)
Cash inflows from new borrowing		
	<u>(4,086)</u>	<u>(2,630)</u>
Net cash provided by / (used in) investing activities		

26 ANALYSIS OF CASH AND CASH EQUIVALENTS

	31.08.23	31.08.22
	£	£
Cash in hand and at bank	1,492,441	1,117,560
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	1,492,441	1,117,560

CHARACTER EDUCATION TRUST
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NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

27 ANALYSIS OF CHANGES IN NET DEBT

	At 01.09.22	Cash flows	Acquisition / disposal of subsidiaries	New finance leases	Other non cash charges	At 31.08.23
Cash	1,117,560	374,881				1,492,441
Loans falling due within one year	(11,046)	7,128				(3,918)
Loans falling due after more than one year	(20,172)	(3,042)				(23,214)
Total	1,086,342	378,967				1,465,309

28 MEMBERS LIABILITY

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

29 PENSION AND SIMILAR OBLIGATIONS

The Multi 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 pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2020 and of the LGPS 31 March 2022.

Contributions amounting to £171,868 (2022: £79,455) were payable to the schemes at 31 August 2023 and are included within creditors.

Teacher's Pension Scheme
Introduction

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

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

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 2023 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 27 October 2023. The key elements of the valuation 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.

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29 PENSION AND SIMILAR OBLIGATIONS - continued

- no changes in individual employee contributions until at least 1 April 2025

This next valuation result is due to be implemented from 1 April 2024.

The employer's pension costs paid to TPS in the period amounted to £1,070,043 (2022: £389,113). Under the definitions set out in Financial Reporting Standard (FRS 102) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2023 was £422,203 (2022: £166,000), of which employer's contributions totalled £333,404 (2022: £131,000) and employee's contributions totalled £88,799 (2022: £35,000).

The agreed contribution rates for future years are 20 percent for employers and a variable percent for employees dependent on salary. 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 of Education. The guarantee came in to force on 18 July 2013 and on 21 July 2022, the Department of Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on gov.uk

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	31.08.23	31.08.22
Discount rate for scheme liabilities	5.35%	4.25%
Rate of increase in salaries	3.85%	4.05%
Rate of increase in pensions	2.85%	3.05%
Commutation of pension to lump sums	50.00%	50.00%
Inflation assumptions (CPI)	3.05%	3.05%

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

	31.08.23	31.08.22
Retiring today		
Males	20.7	21.0
Females	23.2	23.5
Retiring in 20 years		
Males	22	22.3
Females	24.6	24.9

	31.08.23	31.08.22
Sensitivity analysis		
Change in assumptions (impact of PV of total obligation):		
0.1% increase in real discount rate	3,705,000	2,642,000
0.1% decrease in real discount rate	3,824,000	2,749,000
1 year increase in member life expectancy	3,870,000	2,777,000
1 year decrease in member life expectancy	3,661,000	2,615,000
0.1% increase in the pension increase rate	3,766,000	2,748,000
0.1% increase in the pension decrease rate	3,762,000	2,643,000

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29 PENSION AND SIMILAR OBLIGATIONS - continued

The Academy Trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Percentage	Fair value at 31 August 2023 £	Percentage	Fair value at 31 August 2022 £
Equities	63%	2,379,000	66%	1,577,000
Gilts	1%	22,000	1%	14,000
Other bonds	14%	518,000	13%	318,000
Property	10%	378,000	12%	283,000
Cash/liquidity	1%	39,000	2%	41,000
Absolute return fund	7%	269,000	7%	173,000
Infrastructure	4%	142,000		
Total market value of assets		3,747,000		2,406,000
Present value of scheme liabilities				
- Funded		(3,764,000)		(2,695,000)
Deficit in the scheme		(17,000)		(289,000)

The actual return of scheme assets was £7,000, (2022: £31,000).

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

	31.08.23	31.08.22
Current service cost (net of employer contributions)	(469,000)	(324,000)
Net interest cost	(11,000)	(28,000)
Administration expenses	(1,000)	(1,000)
Total operating charge	(481,000)	(353,000)
Actual return on scheme assets	7,000	(31,000)

Local Government Pension Scheme - continued

The actual return of scheme assets was £7,000, (2022: £31,000).

The Remeasurement of the net assets / defined liability) in other comprehensive income are:

	31.08.23	31.08.22
Return on Fund assets in excess of interest	(178,000)	(70,000)
Other actuarial gains / (losses) on assets	106,000	-
Change in financial assumptions	863,000	1,816,000
Change in demographic assumptions	60,000	140,000
Experience gain / (loss) on defined benefit obligation	(405,000)	(231,000)
Remeasurement of the net assets / (defined liability)	446,000	1,655,000

CHARACTER EDUCATION TRUST
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NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

29 PENSION AND SIMILAR OBLIGATIONS - continued

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

	31.08.23	31.08.22
	£	£
Opening defined benefit obligation	2,695,000	4,033,000
Current service cost	362,000	324,000
Employee contributions	81,000	35,000
Liabilities assumed on settlement	1,166,000	-
Interest cost	163,000	67,000
Change in financial assumptions	(863,000)	(1,816,000)
Benefits paid net of transfers in	(185,000)	(39,000)
Change in demographic assumptions	(60,000)	(140,000)
Experience Loss on defined benefit obligation	405,000	231,000
	<u>3,764,000</u>	<u>2,695,000</u>

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

	31.08.23	31.08.22
	£	£
Opening defined benefit obligation	2,406,000	2,311,000
Employer contributions	307,000	131,000
Employee contributions	81,000	35,000
Interest on pension liabilities	152,000	39,000
Administration expenses	(1,000)	(1,000)
Returns on assets less interest	(178,000)	(70,000)
Benefits paid net of transfers in	(185,000)	(39,000)
Other actuarial gains and losses	106,000	-
Settlements price received	1,059,000	-
	<u>3,747,000</u>	<u>2,406,000</u>

The estimated value of employer contributions for the year to 31 August 2023 is £304,000 (2022: £136,000).

30 RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

The Multi Academy Trust has two employees related to two employees. The breakdown of their costs are as

	2023	2022
	£	£
S Reeve		
Remuneration	15,001 - 20,000	15001 - 20,000
Pension contributions paid	-	-
R Malik		
Remuneration	5,001 - 10,000	-
Pension contributions paid	1 - 5,000	-
Trustees' remuneration and expenses already disclosed in note 12.		

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NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2023

31 AGENCY ARRANGEMENTS

The Multi Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2023 the trust received £17,432 (2022: £11,466) and disbursed £2541 (2022: £14,854) from the fund. An amount of £17,191 (2022: £2,303) is included in trade creditors relating to undistributed funds that are repayable to ESFA.

32 AYLESFORD SCHOOL CONVERSION TO CHARACTER EDUCATION TRUST

On 1st September 2022 Aylesford School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Character Education Trust from Kent County Council.

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 headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations - 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 SOFA.

	Unrestricted funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£	£	£	£
Tangible fixed assets				
Freehold land and buildings			34,280,000	34,280,000
Other tangible fixed assets			213,819	213,819
Current assets				
Cash - representing budget surplus on Local Authority Funds	713,564			713,564
Current Liabilities				
Non-current liabilities				
LGPS Pension			(107,000)	(107,000)
Net assets	713,564	0	34,386,819	35,100,383