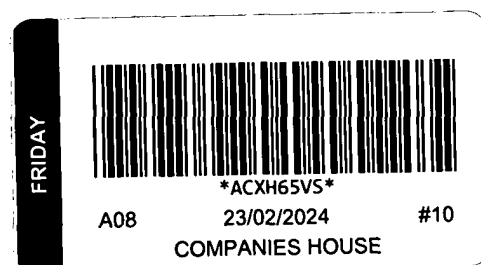


Company Registration Number: 08249884 (England & Wales)

Orchard Academy Trust
(A company limited by guarantee)

Annual Report and Financial Statements

For the year ended 31 August 2023



Orchard Academy Trust
(A company limited by guarantee)

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Orchard Academy Trust
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Reference and Administrative Details of the Academy Trust, its Trustees and advisers For the Year Ended 31 August 2023

Members	Dr N Smetham Mrs J Hayes Mr M Costello Mrs R Gordon		
Trustees	Dr N Smetham, Co-Chair of Trustees Mrs J Young, Executive Headteacher and Accounting Officer (retired 31 August 2023) Mrs A Crittenden (appointed Executive Headteacher 1 September 2023) Mrs A Mailing, Co-Chair of Trustees Mrs J Julius Vice Chair (resigned 13 July 23) Mr N Grant (resigned 25 May 2023) Mr B Stepney Mr C Knight Mr G Collins Mr D Johnson Mrs L Salter appointed 25 May 2023		
Company registered number	08249884		
Company secretary	Schofield Sweeney LLP 76 Wellington Street West Yorkshire Leeds. LS1 2AY		
Registered office	Allington Primary School Hildenborough Crescent London Road Maidstone Kent. ME16 0PG		
Senior leadership team	Mrs J Young	-	Executive Headteacher and Accounting Officer (Until 31 August.2023)
	Mrs A Crittenden	-	Executive Headteacher and Accounting Officer (From 1 September 2023)
	Mrs C Howson	-	Headteacher of Allington Primary School
	Mr C Laker	-	Headteacher of Barming Primary School
	Mrs L Abbasi	-	Deputy Headteacher of Allington Primary School
	Miss H Rootes	-	Deputy Headteacher of Barming Primary School
Allington Primary School	Mrs C Howson	-	Headteacher of Allington Primary School
	Mrs L Abbasi	-	Deputy Headteacher
	Mrs E Burton-Grange	-	Inclusion Manager
	Mrs Louise Martin	-	EYFS Lead
	Miss Brown	-	EYFS Lead
Barming Primary School	Mr C Laker	-	Headteacher of Barming Primary School
	Mrs H Rootes	-	Deputy Headteacher of Barming Primary School
	Mrs B Rathbone	-	Key Stage 2 Lead
	Mrs N Murray	-	Key Stage 1 Lead
	Mrs H Cook	-	EYFS Lead appointed 1 January 2023
	Mrs M Stere	-	Inclusion Manager
Bankers	Lloyds Bank plc 25 Monument Street London. EC3R 8BR		
Auditors	UHY Kent LLP trading as UHY Hacker Young Thames House, Roman Square Sittingbourne Kent. ME10 4BJ		

Orchard Academy Trust
(A company limited by guarantee)

Trustees' Report
For the Year Ended 31 August 2023

The Trustees present their annual report and auditors' report of the Academy Trust for the year ended 31 August 2023.

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The memorandum and articles of association are the primary governing documents of the company, which was established on 11 October 2012.

The Trustees of Orchard Academy Trust are also the directors of the charitable company for the purposes of company law.

Principal activities

The Academy Trust's principal objective and activity has been to manage the schools' provision of education to pupils between the ages of 2 and 11 in two primary academies in Maidstone, Kent. The Academies have a combined pupil capacity of 870 and had a roll of 878 in the school census in May 2023.

Members' liability

Each member of the Academy Trust undertakes to contribute to the assets of the company in the event of it being wound up whilst 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

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

Details of the insurance cover are provided in note 13 to the financial statements.

Method of recruitment and appointment or election of Trustees

The Academy Trust has a Board of Members. The members of the Academy Trust shall comprise:

- a. the signatories to the Memorandum; and
- b. any members appointed by special resolution by the existing members.

Termination of membership is subject to provisions within the Articles of Association of the Academy. Members may resign by written notice provided that at any time the remaining number of members shall not be less than three.

Under the terms of its Articles, the Academy Trust shall have the following Trustees and governors:

- a. A Trust Board, comprising:
 - Eight Trustees who are appointed by the Members, including the Executive Head who is *ex officio*.
 - Up to three co-opted Trustees can be appointed by the Trustees.
 - The Secretary of State may give a warning notice to the Trust Board and appoint Trustees under circumstances laid out in the Articles of Association.
- b. Local Governing Bodies for each School as determined by Trustees annually. These comprise of:
 - Six co-opted Governors appointed by the Trust Board
 - One staff elected Governor
 - Two Parent elected Governors
 - The Headteacher for the Academy
 - At Barming, one pre-school representative

The term of office for Trustees and governors is four years, unless resignation of office is given by notice to the Trust or Local Governing Body as appropriate.

Orchard Academy Trust
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Trustees' Report
For the Year Ended 31 August 2023

The members and Trustees who were in office at 31 August 2023 and served throughout the year, except where shown, are listed on page 1.

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees and Local Governors will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new Trustees and Local Governors are given a tour of the School and the chance to meet with staff and pupils and are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role. They are encouraged to attend training provided by the Trust and by Kent County Council Governor Services, much of which is currently available online.

Organisation structure

The organisational structure exists at three levels: the Board of Members, the Trust Board together with the Local Governing Bodies, and the Senior Leadership Team. The Members will maintain a strategic overview of Orchard Academy Trust's performance and adherence to the terms within the Funding Agreement. The Trust Board, supported by the Local Governing Bodies, is responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust and each School by the use of budgets and making major decisions about the direction of the Trust and Schools, capital expenditure and senior staff appointments. The Senior Leadership Team is responsible for the day-to-day running of the Schools.

A Trust Finance Premises and Audit Committee is established, which considers budget and premises matters in detail and makes decisions, according to an agreed Scheme of Delegation and Terms of Reference. The Committee also undertakes the role of Audit to provide scrutiny over the financial systems and control. A Trust Pay and Personnel Committee is established, which considers pay and personnel matters in detail and makes decisions according to an agreed Scheme of Delegation and Terms of Reference.

A Staff Discipline Committee and an Appeals Committee are formed by the Governing Bodies from the pool of Local Governors as the need arises. The Trust and Local Governing Bodies will also establish ad-hoc working groups to address specific matters and report back to Trust Board and Local Governing Body as relevant.

The Local Governing Bodies operate under the "Circle" Model. All matters, including teaching and learning, curriculum, pupils and pupil welfare, premises, resources, ICT, and new developments and projects, are considered and discussed at meetings of the Local Governing Body.

The Headteacher and Senior Leaders at each School control their School at an executive level implementing the policies laid down by the Trustees and Local Governors and reporting back to them. As a group, the Headteacher and Senior Leaders are responsible for the authorisation of spending within agreed budgets and the appointment of staff. They are responsible for the day to day operation of the School, in particular organising the teaching staff, facilities and pupils. The Executive Headteacher is the Principal and the Accounting Officer for the Multi Academy Trust. The Trust agreed delegated financial authority to the Headteachers of up to £8k; spending in excess of £8k and up to £25k is delegated to the Executive Headteacher; spending in excess of £25k and up to £50k is delegated to the Executive Headteacher and the Trust Finance and Premises Committee. All higher spending must be referred to the Trust Board.

Arrangements for setting pay and remuneration of key management personnel

The trust has retained responsibility for setting the pay and remuneration of the Accounting Officer. The trust has delegated the responsibility of setting the pay and remuneration of the other members of the senior leadership team to the Accounting Officer.

Disclosures in relation to remuneration paid to key management personnel during the year are provided in note 11(d).

Risk management

The Trustees have 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 Trustees are of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks and the business continuity plans for each academy are in place and reviewed regularly.

Connected organisations, including related parties

There are no related parties that either control or significantly influence the decisions and operations of the Orchard Academy Trust.

Orchard Academy Trust
(A company limited by guarantee)

Trustees' Report
For the Year Ended 31 August 2023

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object of the Academy Trust is to advance for the public benefit education in the United Kingdom, in particular, but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

Our aim is for our schools to be in the top 10% of schools nationally and we continue to strive to meet the aims and objectives of the schools by providing a safe, caring, fun and exciting environment for learning. We believe that we have a very talented and committed staff who are dedicated to making this happen.

Objective, strategies and activities

Our objectives, strategies and activities are outlined in each school's development plan, which lays out our aspirations for the future development of each school. Our aims are to:

- Ensure all teaching is at least good and all teachers deliver outstanding lessons on a regular basis, conducting rigorous and robust monitoring of standards;
- Address all areas of concern identified through rigorous analysis of performance data and target setting;
- Develop the curriculum to ensure that it is progressive and provides learners with sufficient opportunities to develop both skills and knowledge;
- Ensure a broad and balanced curriculum that uses a vocabulary rich approach across all subjects;
- Make best use of those resources available beyond each school's grounds through community links and school-to-school support;
- Carry out accurate and honest self-evaluation;
- To raise attainment and progress for all groups of children including closing any gaps resulting from lockdown.
- To embed and develop good practice at Barming and work towards outstanding;
- To raise attainment and progress in writing;
- To retain teaching staff across the MAT and ensure succession planning;
- To develop income generation to secure future financial sustainability.

Each school is at the heart of their local communities and enjoy strong links with local groups including Football Clubs, Scout Groups, and Brownie/Guide groups who use the facilities on a regular basis. The schools also maintain strong links with their local churches and pre-schools/playgroups.

Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aims and objectives and in planning future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set. The criteria used to admit pupils to the school:

- Looked after children
- Siblings
- Staff children
- Proximity to the school

In September 2022 the furthest offer made at Allington Primary School was 2.2 miles from the school. The furthest offer made at Barming Primary School was 2.043 miles from the school.

STRATEGIC REPORT

Achievements and performance

Trust data is usually above the national data for all subjects in statutory tests in KS2. For 2022-2023 the data tracked by the schools demonstrate good and outstanding progress has been made by the children across the year at Allington Primary School. Attainment at Allington is significantly above national data and for Barming is broadly in-line with national data at KS1. Data for the trust and each school for previous years can be found on the Orchard Academy Trust website, www.orchardacademytrust.co.uk. Performance tables for each school are also available on the schools' website which can be found through the links on the Trust website.

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Trustees' Report
For the Year Ended 31 August 2023

Key priorities for the year are contained in the School Development Plans which are available from the School Offices and are in line with the Trust's Improvement plan.

Key financial performance indicators

The Trustees consider that the following are key performance indicators for the academy:

- Pupil numbers – The Trust endeavours to maintain the schools at full capacity through positive marketing and promoting the schools in a positive light, promoting and maintaining high standards;
- Continued financial stability – The Trust produces three year rolling budgets; makes the most of any opportunity to generate income and makes savings where applicable without detriment to our stakeholders;
- Staff costs – The Trusts target is to maintain staff costs within 80% of total income, this ensures financial stability. Allington is currently 73.4%, Barming (including the pre-school) is 78.2%.
- Spend per pupil not to be more than 100% of per pupil funding. The schools spending per pupil was: Allington 93%, Barming 97%.

Financial review and position

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

Total income for the year was £5.31m which compares to £4.69m in 2022. These figures include capital grant funding of £367k and £27k respectively.

Revenue income for the year was therefore £4.94m compared to £4.66m in 2021/22. Most of this revenue income comprises funding for the Academy Trust's educational operations, as detailed in note 5, and the largest element is core General Annual Grant (GAG) funding, followed by Other ESFA/DfE grant income.

The SoFA shows total expenditure for the year of £5.05m, leaving net income for the year of £265k (2022: net expenditure of £337k). The actuarial gain of £406k (2022: £2.45m), which forms part of the movement on the Local Government Pension Scheme (LGPS) fund, means there was an overall increase in funds of £671k (2022: £2.11m).

This overall movement in funds includes an increase of £338k on the restricted fixed asset fund, which tracks capital grant income and depreciation charges arising on capitalised fixed assets, including the school buildings. The total movement on the LGPS pension reserve of £355k is also included. As a result the overall movement shown on the SoFA does not represent any form of meaningful operational result for the year.

The table below reconciles from the movement in funds per the SoFA to the result on revenue income funds, a deficit of £22k. The £336k transfers to the capital fund represent fixed assets acquired with revenue funds, and therefore the operational result, prior to these revenue to capital transfers, was a surplus of £314k.

	2023 (£000s)	2022 (£000s)
Overall net movement in funds for the year per SoFA	671	2,111
Add:		
Decrease / (increase) attributable to fixed asset fund	(338)	181
LGPS actuarial (gain)/loss	(406)	(2,448)
LGPS service and interest costs	51	409
Movement in revenue income funds during the year	(22)	253
Add: Transfers from revenue to capital to fund fixed asset additions	336	145
Operational surplus / (deficit) on revenue funds before transfers to capital	314	398

Orchard Academy Trust

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Trustees' Report

For the Year Ended 31 August 2023

Funds

The Academy Trust has a number of funds:

- Revenue funds of £869k (2022: £891k) which it carries into 2023/24, split between unrestricted funds of £251k and restricted reserves of £618k.
- A fixed asset restricted fund. Most of this balance related to the net book value of fixed assets on the Balance Sheet (£7.86m), largely the value of the trust's two academies' buildings. This year the fund also includes unspent capital grant money of £53k, and the Salix loan liability of £6k.
- A pension reserve fund. As explained in the accounting policies section of the financial statements, the LGPS is a funded defined benefit pension scheme and a provision for estimated pension liabilities is included in the Academy Trust's Balance Sheet. The service and interest costs of £51k are included within expended resources (within restricted funds) on the SoFA and when added to the actuarial gain the carried LGPS deficit has decreased by £355k. This leaves a £nil breakeven position on the Balance Sheet.

The valuation report received from the Local Authority appointed actuary indicated that a pension accounting surplus existed at 31 August 2023, however this has been restricted to show the £nil balance. Accounting standards state that if an employer has an accounting surplus, it should only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future, or through refunds. There are differing opinions as to the extent to which a pension surplus represents an "unconditional right" of employers and therefore the extent to which the surplus can be recognised as being of economic value, and to date the ESFA have been unable to give any guidance to academy trusts. The Trustees have therefore taken the view that, since the Academy Trust is a long-term employer open to new members, there is not a reasonable expectation of ever reaching a point of cessation and therefore being able to access a return of surplus. Accordingly, the surplus has not been included. The pension surplus per the valuation report is disclosed in note 2 and the actuarial assumptions and other movements in the year are disclosed in note 28.

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

Going concern

After making appropriate enquiries, the Trustees have 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.

Reserves policy

The Trustees review the reserve levels of the Academy annually. The Trust is able to hold two types of funds:

1. Unrestricted Funds – which represent those resources which may be used towards meeting any charitable objects of the Academy Trust at the discretion of the Trustees.
2. Restricted Funds - which comprise funds received from the ESFA, DfE, Kent County Council and other organisations which are applied for specific purposes including the normal running costs of the Trust.

The Trust needs to hold reserves for a number of reasons, examples of which are listed below:

- Contingency / Minimum Prudent Level of Reserves to deal with unforeseen events that cannot be contained within the annual approved budget;
- A planned build-up of funds to pay for some major work, project or replacement programme;
- Funds held from one year to the next to manage variations in funding levels or specifically allocated grants for which carry forward is allowed;
- Change management costs e.g. redundancy payments to staff, and
- Fixed asset funds which are applied to specific capital purposes where the asset acquired or created is held for a specific purpose.

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Trustees' Report
For the Year Ended 31 August 2023

The Trustees will ensure that the Reserves Policy is in accordance with the requirements laid down in the Academy Trust Handbook.

It is the policy of the Trustees to hold reserves to support future education purposes in line with the Improvement Plans and to help bridge any anticipated budget gap over the medium term.

The Academy Trust holds revenue income reserves of £869k (2022: £891k), and within this the level of completely free reserves is the balance held as unrestricted funds £251k (2022: £226k).

PRINCIPAL RISK AND UNCERTAINTIES

The main risks that the academy is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and avoidance plans:

- *Strategic and Reputational* - This covers unfavourable Ofsted reports, risk of uncontrollable events and insufficient demand for academy service, competition from other schools with similar objects and little scope for differentiation. The Trustees hold the Executive Head to account for the performance of the schools and ensure high standards are achieved and that the schools are popular choices within the community. Allington Primary School is oversubscribed and the Number on Roll at Barming has increased to full capacity.
- *Finance risk* - The risk of the academy not operating within its budget and running a deficit. Risks linked to income not increasing at the same rate of inflation over the coming years. The risk that the implementation of the NFF will be delayed. The Trustees are constantly exploring possible ways of generating income and this includes increasing the provision and wrap around care across the Schools. Cash flow is monitored alongside the management accounts and shared with the Trustees.
- *Safeguarding and child protection* – The Trustees continue to ensure that the highest standards are maintained in areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety, and discipline.
- *Failures in governance and/or management* – The risk in this area arises from the potential failure to effectively manage the trust's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The Trustees regularly review procedures during finance and trust meetings to ensure that appropriate measures are in place to mitigate these risks.
- *Staff* – The success of the academy trust and each individual academy is reliant on the quality of its staff and staff retention, and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Financial and risk management objectives and policies

The Academy Trust does not use complex financial instruments; it manages its activities using cash and various items such as trade debtors and trade creditors that arise directly from its operations.

The main risk to which the trust is exposed from is making a deficit from unforeseen but necessary expenditure. The trust manages its cash resources so that all its operating needs are met without the need for short-term borrowing, and Trustees review the amount of surplus cash and invest as appropriate so as to maximise interest income.

The trust is also exposed to the following financial risks:

- *Interest rate risk* - the trust earns interest on cash deposits and with interest rates currently high, the Trustees will take appropriate action to ensure they maximise the income from these deposits.
- *Credit risk* is managed through regular contact with funders. Liquidity and cash flow risks are managed through the appropriate and carefully managed use of financial instruments with our principal bankers.

Fundraising

Each school within Orchard Academy Trust benefits from a separate self-administered PTFA, who fundraise for specific school-based requirements. These organisations are members of the Parent Kind national charity and run fund raising events with the approval and oversight of the Headteachers. Their accounts are audited annually and reported at the AGMs.

Orchard Academy Trust
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Trustees' Report
For the Year Ended 31 August 2023

PLANS FOR FUTURE PERIODS

The Trustees' main plans for future periods are:

- Ensure all teaching is at least good and all teachers deliver outstanding lessons on a regular basis, conducting rigorous and robust monitoring of standards;
- Address all areas of concern identified through rigorous analysis of performance data and target setting;
- Develop the curriculum to ensure that it is progressive and provides learners with sufficient opportunities to develop both skills and knowledge;
- To successfully complete the National Nurturing Schools programme at Allington;
- Make best use of those resources available beyond each school's grounds through community links and school-to-school support;
- For Allington Primary School to continue its work to support in raising standards;
- Carry out accurate and honest self-evaluation;
- To raise attainment and progress for all groups of children, including closing any gaps resulting from lockdown;
- To further embed and develop the good practice at Barming and work towards outstanding;
- To raise attainment and progress in writing and maths;
- To raise attainment in greater depth;
- To develop the teaching program at Allington and retain teaching staff across the MAT and ensure succession planning;
- To further develop the Pre-School at Barming to include wrap-around care;
- To further develop income generation to ensure future financial sustainability.

DISCLOSURE OF INFORMATION TO AUDITORS

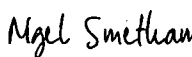
In so far as the Trustees are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the Trustees have taken all the steps 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.

AUDITORS

The auditors, UHY Hacker Young, have indicated their willingness to remain in office, and the audit process will be reviewed in detail and re-appointment of the auditors will be considered following the forthcoming Annual General Meeting.

This report, incorporating the Strategic report, was approved by order of the Board of Trustees and signed on the Board of Trustees' behalf by:

DocuSigned by:

A56841A3E6AC4CC...
Dr N Smetham
Chair of Trustees

Date: 6 December 2023

DocuSigned by:

B9E6B6842ED642F...
Mrs A Crittenden
Executive Head Teacher and Accounting Officer

Orchard Academy Trust
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Governance Statement for the Year Ended 31 August 2023

Scope of Responsibility

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

The Trustees have delegated the day-to-day responsibility to the Executive Head Teacher, 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 Orchard Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Trustees have formally met 6 times during the year. Attendance during the year at full board meetings of the Trustees was as follows.

Trustee	Meetings attended	Out of a possible
Dr N Smetham, Chair of Trustees	6	6
Mrs J Young, Executive Head Teacher and Accounting Officer	6	6
Mr D Johnson	4	6
Mrs A Malling	6	6
Mr G Collins	5	6
Mr N Grant (resigned 25 May 2023)	1	6
Mr B Stepney	5	6
Mrs J Julius (resigned 13 July 23)	3	6
Mr C Knight	6	6
Mrs L Salter (appointed 25 May 2023)	2	2

The Finance, Premises and Audit Committee is a sub-committee of the main board. Its Terms of Reference are:

Finance:

- Recommend the current year's and three-year rolling budget in line with strategic priorities.
- Recommend and monitor budgets to ensure resources are allocated in line with key priorities.
- Recommend the annual contribution from each academy to the central Trust budget.
- Approve virements of funds between budget allocations in accordance with the Trust's Finance Policy.
- Receive and review monitoring reports for each academy, including cash flow, and approve any significant variances.
- Agree and monitor the Trust's fully-costed five-year premises maintenance programme, including capital funding through the Condition Improvement Fund (CIF).
- Monitor income (six times per year), expenditure and balance sheets as per the Academies Trust Handbook requirement.
- Monitor the use of assets and the efficient use of financial resources through benchmarking and value for money reviews.
- Scrutinise the draft Annual Report and Financial Statements and recommend approval to the Trust Board.
- Analyse and approve tenders for academy and Trust-wide contracts for services and supplies over £25k and up to £50k.
- Recommend and monitor the Trust's financial scheme of delegation and limits (Finance Policy and Procedures, Investment Policy, financial responsibility and internal control).
- Recommend a Charging and Remissions Policy
- Recommend an expenses scheme for Trustees and Governors
- Monitor the implementation of the Trust's Finance Policy within the Trust and by each academy including the segregation of duties.

Strategic

- Monitor the Trust's risk register to ensure that all significant risks are mitigated.

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Governance Statement for the Year Ended 31 August 2023

Staffing

- Determine pay range points and values, as well as teaching and learning responsibility (TLR) values.
- Determine dismissal payments or payments for early retirement.
- Authorise settlement agreements for Trust staff (with the exception of the Executive Headteacher/CEO).
- Review the implementation and impact of the Pay and Reward Policy.

Premises

- Ensure that adequate levels of buildings insurance and personal liability are in place across the schools in the Trust.
- Monitor the implementation of the Trust's buildings strategy and the Trust's asset management arrangements.
- Ensure that the Health and Safety Policy and regulations are followed and appropriately prioritised at each academy and to receive monitoring reports from LGBs.
- Receive monitoring reports from each academy on buildings and maintenance, including an annual site report.

Audit

- Approve arrangements for internal audit.
- Review findings from internal audits and management responses.
- Ensure compliance with the Academies Trust Handbook.
- Monitor internal controls to ensure they are secure and minimise the risk of abuse or fraud.
- Ensure whistleblowing arrangements are in place across the Trust and regularly reviewed.

This year the Committee has focused on the following issues:

- Reviewing the strategic financial plan and budgets according to our growth plan;
- Further development of the Pre-School;
- Monitoring the pipework project at Barming Primary School;
- Premises development;
- Ensuring a strong financial position.

Attendance at Finance, Premises and Audit Committee meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Dr N Smetham, Co-Chair of Trustees	5	5
Mrs J Young, Executive Headteacher and Accounting Officer	5	5
Mrs J Julius, Chair of Finance, Premises and Audit Committee (resigned 13 July 2023)	4	5
Mr G Collins	3	5
Mr N Grant, Vice Chair of Finance, Premises and Audit Committee (resigned 25 May 2023)	2	4
Mrs L Salter (appointed 25 May 2023)	2	2
Also in attendance:		
Mrs C Howson (Headteacher)	5	5
Mr C Laker (Headteacher)	5	5
Mrs K Pellatt (Local Governor)	3	5
Mr D Hutchins (Local Governor until 19 March 2023)	2	2
Mrs H Dalton (Local Governor – appointed 3 May 2023)	2	2
Mrs C Cuddington (Chief Financial Officer)	5	5
Mrs A Crittenden (new EHT/Accounting Officer appointed 1 September 2023)	2	2

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically. The system of internal control has been in place in Orchard Academy Trust for the year 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements.

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Governance Statement for the Year Ended 31 August 2023

Capacity to Handle Risk

The Trustees have 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 Trustees are of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks, that has been in place for the year 1 September 2022 to 31 August 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the 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 Trustees;
- regular reviews by the Finance & Premises Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The internal audit role has been fully delivered in line with ESFA requirements; Azets was appointed by Trustees so that the external and internal audit services are split between different firms.

Azets carried out internal scrutiny for the financial year 2022-2023. There was one visit during the year which covered the following topics:

- Monthly management accounts;
- Assets
- Gifts and hospitality
- Data security; and
- Other income.

Review of Value for money

As Accounting Officer the Executive Headteacher has responsibility for ensuring that the academy 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 Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by:

- Increased pupil capacity in wraparound care at Allington and Barming Primary Schools;
- Ensuring resources and specialist staff are deployed effectively across the Trust;
- Ensuring effective deployment of staff and resources to achieve maximum progress and achievement of all pupils;
- Ensure effective use of CPD across the trust;
- Further development of the Pre-School to generate further income and improve results at Barming.

Review of Effectiveness

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

- the work of the independent reviewer;
 - work of the external auditors;
 - work of the internal auditors;
-

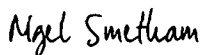
Orchard Academy Trust
(A company limited by guarantee)

Governance Statement for the Year Ended 31 August 2023

- the financial management and governance self-assessment process;
- the work of the executive managers within the academy 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 and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by the Trustees and signed on their behalf, by:

DocuSigned by:

A56B41A3E6AC4CC...
Dr N Smetham
Chair of Trustees

DocuSigned by:

B9E6B6842ED642F...
Mrs A Crittenden
Executive Head Teacher and Accounting Officer

Date: 6 December 2023

Orchard Academy Trust
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Statement of Regularity, Propriety and Compliance

As accounting officer of Orchard Academy 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 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 Academy Trust Handbook 2022, including responsibilities for estates 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 Academy Trust Handbook 2022.

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

DocuSigned by:

B9E6B6842ED642F...
Mrs. A. Crittenden
Accounting Officer

Date: 6 December 2023

Orchard Academy Trust
(A company limited by guarantee)

Statement of trustees' responsibilities
For the year ended 31 August 2023

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

Company law requires the trustees to prepare financial statements for each financial 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:

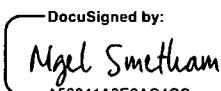
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the board of trustees and signed on its behalf by:

DocuSigned by:

A56841A3E6AC4CC...
Dr. N. Smetham
Chair of Trustees

Date: 6 December 2023

Orchard Academy Trust
(A company limited by guarantee)

Independent Auditors' Report on the financial statements to the Members of Orchard Academy Trust

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2022 to 2023 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 Academy Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Orchard Academy Trust
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Independent Auditors' Report on the financial statements to the Members of Orchard Academy Trust (continued)

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

How the audit was considered capable of detecting irregularities including fraud:

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

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

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

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

Orchard Academy Trust
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Independent Auditors' Report on the financial statements to the Members of Orchard Academy Trust (continued)

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

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

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

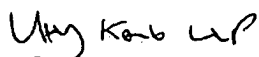
- agreeing financial statement disclosures to underlying supporting documentation;
- reading minutes of meetings of those charged with governance; and
- enquiring of management and representatives of Trustees as to actual and potential litigation and claims.

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

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

Use of our report

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



Allan Hickie BSc FCA (Senior statutory auditor)

for and on behalf of

UHY Kent LLP

Chartered Accountants

Statutory Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date: 15 December 2023

Orchard Academy Trust
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 7 June 2018 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 Orchard Academy Trust during the year 1 September 2022 to 31 August 2023 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Orchard Academy Trust's funding agreement with the Secretary of State for Education dated 31 August 2012 and the Academy Trust Handbook, extant from 1 September 2022, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2022 to 2023. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2022 to 31 August 2023 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter. The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure. We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants in England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to be able to report on whether anything has come to our attention which suggests that in all material respects expenditure disbursed and income received have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them. Other than those procedures undertaken for the purposes of our audit of the financial statements of Orchard Academy Trust for the year ended 31 August 2023 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

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

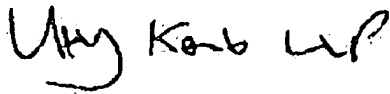
In line with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued April 2023, we have not performed any additional procedures regarding the Academy Trust's compliance with safeguarding, health and safety and estates management.

Orchard Academy Trust
(A company limited by guarantee)

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

Conclusion

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



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

Date: 15 December 2023

Orchard Academy Trust
(A company limited by guarantee)

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

	Note	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Restricted fixed asset funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Income from:						
Donations and capital grants	3	21	-	367	388	43
Other trading activities	4	145	-	-	145	108
Investments	6	5	-	-	5	-
Funding for educational operations	5	91	4,682	-	4,773	4,537
Total income		262	4,682	367	5,311	4,688
Expenditure on:						
Raising funds		-	-	-	-	1
Charitable activities	8	169	4,512	365	5,046	5,024
Total expenditure		169	4,512	365	5,046	5,025
Net income/(expenditure)		93	170	2	265	(337)
Transfers between funds	20	(68)	(268)	336	-	-
Net movement in funds before other recognised gains/(losses)		25	(98)	338	265	(337)
Other recognised gains/(losses):						
Actuarial gains on defined benefit pension schemes	28	-	406	-	406	2,448
Net movement in funds		25	308	338	671	2,111
Reconciliation of funds:						
Total funds brought forward		226	310	7,573	8,109	5,998
Net movement in funds		25	308	338	671	2,111
Total funds carried forward	20	251	618	7,911	8,780	8,109

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

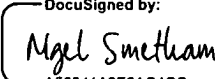
The notes on pages 23 to 47 form part of these financial statements.

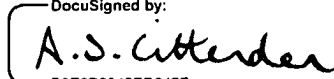
Orchard Academy Trust
(A company limited by guarantee)
Registered number: 08249884

Balance sheet
As at 31 August 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	15	8	15
Tangible assets	16	7,856	7,565
		<u>7,864</u>	<u>7,580</u>
Current assets			
Debtors	17	392	141
Cash at bank and in hand		1,145	1,129
		<u>1,537</u>	<u>1,270</u>
Creditors: amounts falling due within one year	18	(616)	(380)
Net current assets		<u>921</u>	<u>890</u>
Creditors: amounts falling due after more than one year	19	(5)	(6)
Net assets excluding pension asset / liability		<u>8,780</u>	<u>8,464</u>
Defined benefit pension scheme asset / liability	28	-	(355)
Total net assets		<u><u>8,780</u></u>	<u><u>8,109</u></u>
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	20	7,911	7,573
Restricted income funds	20	618	665
		<u>8,529</u>	<u>8,238</u>
Restricted funds excluding pension liability			
Pension reserve	20	-	(355)
Total restricted funds		<u>8,529</u>	<u>7,883</u>
Unrestricted income funds	20	251	226
Total funds	20	<u><u>8,780</u></u>	<u><u>8,109</u></u>

The financial statements on pages 20 to 47 were approved by the trustees, and authorised for issue on 06 December 2023 and are signed on their behalf, by:

DocuSigned by:

A56B41A3E6AC4CC...
Dr. N. Smetham
Chair of Trustees

DocuSigned by:

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Mrs. A. Crittenden
Trustee and Accounting Officer

Orchard Academy Trust
(A company limited by guarantee)

Statement of cash flows
For the year ended 31 August 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Net cash provided by operating activities	22	299	529
Cash flows from investing activities	24	(282)	(178)
Cash flows from financing activities	23	(1)	(1)
Change in cash and cash equivalents in the year		16	350
Cash and cash equivalents at the beginning of the year		1,129	779
Cash and cash equivalents at the end of the year	25, 26	1,145	1,129

The notes on pages 23 to 47 form part of these financial statements

Orchard Academy Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2023

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

Orchard Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are

Orchard Academy Trust
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Notes to the financial statements
For the year ended 31 August 2023

1. Accounting policies (continued)

1.4 Expenditure (continued)

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.

- **Expenditure on raising funds**

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

- **Charitable activities**

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

Where applicable, expenditure is inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 Operating leases

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

1.7 Taxation

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

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

1.8 Intangible assets

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

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

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life of 5 years.

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Notes to the financial statements
For the year ended 31 August 2023

1. Accounting policies (continued)

1.9 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.

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

Depreciation is provided on the following basis:

Freehold & leasehold property	-	2%
Land and buildings improvements	-	10%
Furniture and equipment	-	20%
Computer equipment	-	33%
Motor vehicles	-	20%

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

1.10 Debtors

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

1.11 Cash at bank and in hand

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

1.12 Liabilities

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

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Notes to the financial statements
For the year ended 31 August 2023

1. Accounting policies (continued)

1.13 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. 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 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.14 Pensions

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

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

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

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

1.15 Fund accounting

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

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

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

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Notes to the financial statements
For the year ended 31 August 2023

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2022 has been used by the actuary in valuing the pensions liability at 31 August 2023. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

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

The key assumption is the discount rate, which is the estimated rate of long-term investment returns. This year the discount rate of 5.30% is higher than the rate of 4.25% used in 2022. Since a higher discount rate means assets will grow more rapidly in the future, this results in lower current liabilities.

Critical areas of judgment:

LGPS pension asset recognition

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

Whilst the LGPS actuarial valuation report for the year ended 31 August 2023 indicates a defined benefit asset of £121k exists at the year end date, the Trustees have considered that there is insufficient evidence that a surplus being recognised would ever result in a repayment or reduction in contributions, given that such a surplus is probably only temporary. Also, as a longer term employer that is open to new members, there isn't a reasonable expectation that the Academy Trust will ever reach a point of cessation that would enable access to a return of surplus.

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

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Notes to the financial statements
For the year ended 31 August 2023

3. Income from donations and capital grants

	Unrestricted funds 2023 £000	Restricted fixed asset funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Donations	21	-	21	16
Capital grants	-	367	367	27
	<u>21</u>	<u>367</u>	<u>388</u>	<u>43</u>
<i>Analysis of 2022 total by fund</i>	<u>16</u>	<u>27</u>	<u>43</u>	

4. Income from other trading activities

	Unrestricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Educational facilities	140	140	104
Lettings	2	2	1
Staff consultancy income	2	2	2
Sale of goods	1	1	1
	<u>145</u>	<u>145</u>	<u>108</u>
<i>Analysis of 2022 total by fund</i>	<u>108</u>	<u>108</u>	

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Notes to the financial statements
For the year ended 31 August 2023

5. Funding for educational operations

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Educational operations				
DfE/ESFA grants				
General Annual Grant (GAG)	-	3,748	3,748	3,660
Other DfE/ESFA grants				
Pupil premium	-	203	203	179
Universal infant free school meals	-	121	121	108
PE and Sports grant	-	40	40	40
FSM Supplementary grant	-	105	105	43
Mainstream schools additional grant	-	54	54	-
Others	-	39	39	28
	-	4,310	4,310	4,058
Other Government grants				
Local authority grants	-	115	115	145
Local authority - Special educational needs	-	236	236	226
	-	351	351	371
Other income from educational operations	91	1	92	89
COVID-19 additional funding (DfE/ESFA)				
Recovery Premium	-	20	20	19
	91	4,682	4,773	4,537
<i>Analysis of 2022 total by fund</i>	87	4,450	4,537	

The Academy Trust received Covid recovery premium of £20k. This funding has been fully spent during the 2022/23 year.

6. Investment income

	Unrestricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Bank interest	5	5	-

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Notes to the financial statements
For the year ended 31 August 2023

7. Expenditure

	Staff Costs	Premises	Other	Total	Total
	2023	2023	2023	2023	2022
	£000	£000	£000	£000	£000
Expenditure on fundraising trading activities:					
Direct costs	-	-	-	-	1
Educational operations:					
Direct costs	3,297	306	329	3,932	3,707
Allocated support costs	439	258	417	1,114	1,317
	<u>3,736</u>	<u>564</u>	<u>746</u>	<u>5,046</u>	<u>5,025</u>
<i>Analysis of 2022 total</i>	<u>3,872</u>	<u>497</u>	<u>656</u>	<u>5,025</u>	

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted	Restricted	Total	Total
	funds	funds	2023	2022
	2023	2023	£000	£000
	£000	£000		
Educational operations	169	4,877	5,046	5,024
	<u>169</u>	<u>4,877</u>	<u>5,046</u>	<u>5,024</u>
<i>Analysis of 2022 total by fund</i>	<u>157</u>	<u>4,867</u>	<u>5,024</u>	

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Notes to the financial statements
For the year ended 31 August 2023

9. Analysis of expenditure by activities

	Direct costs	Support costs	Total	Total
	2023	2023	funds	funds
	£000	£000	2023	2022
			£000	£000
Educational operations	3,932	1,114	5,046	5,024
<i>Analysis of 2022 total</i>	<i>3,707</i>	<i>1,317</i>	<i>5,024</i>	

Analysis of support costs

	Total	Total
	funds	funds
	2023	2022
	£000	£000
Staff costs	439	764
Technology costs	83	64
Premises costs	258	207
Governance costs	66	41
Other support costs	268	241
	1,114	1,317

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2023	2022
	£000	£000
Operating lease rentals	7	3
Depreciation of tangible fixed assets	358	346
Amortisation of intangible assets	7	7
Loss on disposal of fixed assets	-	15
Fees paid to auditors for:		
- audit	10	9
- other services	4	3

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Notes to the financial statements
For the year ended 31 August 2023

11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2023	2022
	£000	£000
Wages and salaries	2,733	2,532
Social security costs	220	196
Pension costs	665	968
	<u>3,618</u>	<u>3,696</u>
Agency staff costs	118	142
Staff restructuring costs	-	34
	<u>3,736</u>	<u>3,872</u>

Staff restructuring costs comprise:

Severance payments	<u>-</u>	<u>34</u>
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b. Staff numbers

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

	2023	2022
	No.	No.
Management	5	6
Teachers	40	43
Administration and support	74	82
	<u>119</u>	<u>131</u>

The average headcount expressed as full-time equivalents was:

	2023	2022
	No.	No.
Management	5	5
Teachers	32	31
Administration and support	48	47
	<u>85</u>	<u>83</u>

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Notes to the financial statements
For the year ended 31 August 2023

11. Staff (continued)

c. Higher paid staff

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

	2023 No.	2022 No.
In the band £60,001 - £70,000	2	2
In the band £70,001 - £80,000	1	-
	<u> </u>	<u> </u>

d. Key management personnel

The key management personnel of the Academy Trust comprise the trustees and the senior management team as listed on page 1. The total amount of key management personnel benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £415k (2022 - £391k).

12. Trustees' remuneration and expenses

One trustee, the Executive Headteacher, has been paid remuneration and has received other benefits from an employment with the Academy Trust. The remuneration was only paid in respect of services she provides undertaking her role under her contract of employment. The value of her remuneration and other benefits was as follows:

		2023 £000	2022 £000
Mrs. J. Young, EHT and Accounting Officer to	Remuneration	55 - 60	50 - 55
	Pension contributions paid	-	0 - 5

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

13. Trustees' and Officers' insurance

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

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Notes to the financial statements
For the year ended 31 August 2023

14. Central services

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

- School improvement
- Finance
- Insurance
- Audit and accountancy fees
- Solicitor fees
- Payroll
- Caretakers

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

All of the above services are split on a 50:50 basis.

The actual amounts charged during the year were as follows:

	2023	2022
	£000	£000
Allington Primary School	43	115
Barming Primary School	43	115
Total	<u>86</u>	<u>230</u>

15. Intangible assets

	Goodwill
	£000
Cost	
At 1 September 2022	35
At 31 August 2023	<u>35</u>
Amortisation	
At 1 September 2022	20
Charge for the year	7
At 31 August 2023	<u>27</u>
Net book value	
At 31 August 2023	<u>8</u>
At 31 August 2022	<u>15</u>

The intangible asset above relates to goodwill on the acquisition of Belmont Pre School.

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Notes to the financial statements
For the year ended 31 August 2023

16. Tangible fixed assets

	Freehold & Leasehold property £000	Furniture and equipment £000	Computer equipment £000	Assets under construction £000	Total £000
Cost or valuation					
At 1 September 2022	8,688	125	211	3	9,027
Additions	101	23	15	510	649
Transfers between classes	255	-	-	(255)	-
At 31 August 2023	9,044	148	226	258	9,676
Depreciation					
At 1 September 2022	1,239	68	155	-	1,462
Charge for the year	307	19	32	-	358
At 31 August 2023	1,546	87	187	-	1,820
Net book value					
At 31 August 2023	7,498	61	39	258	7,856
At 31 August 2022	7,449	57	56	3	7,565

Included in land and buildings is freehold land at valuation of £687k (2022 - £687k) and leasehold land at valuation of £446k (2022- £446k), which are not depreciated.

17. Debtors

	2023 £000	2022 £000
Trade debtors	5	7
Recoverable VAT	69	5
Prepayments and accrued income	318	129
	<u>392</u>	<u>141</u>

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Notes to the financial statements
For the year ended 31 August 2023

18. Creditors: Amounts falling due within one year

	2023	<i>2022</i>
	£000	<i>£000</i>
Other loans	1	1
Trade creditors	401	101
Other taxation and social security	-	45
Other creditors	5	82
Accruals and deferred income	209	151
	<u>616</u>	<u>380</u>
	2023	<i>2022</i>
	£000	<i>£000</i>
Deferred income at 1 September 2022	13	-
Resources deferred during the year	111	104
Amounts released from previous periods	(13)	(91)
	<u>111</u>	<u>13</u>

At the balance sheet date the Academy Trust was holding funds received in advance of the 2022/23 academic year for school trips, wraparound care and ESFA Universal Infant Free School Meals.

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

	2023	<i>2022</i>
	£000	<i>£000</i>
Other loans	5	6

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2023	<i>2022</i>
	£000	<i>£000</i>
Payable or repayable by instalments	1	2

The Academy Trust took out a Salix loan in 2020 to fund improvement of the boilers at Barming Primary School. The loan is interest free and due to be fully repaid in 2029.

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Notes to the financial statements
For the year ended 31 August 2023

20. Statement of funds

	Balance at 1 September 2022 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2023 £000
Unrestricted funds						
General funds	226	262	(169)	(68)	-	251
Restricted general funds						
General Annual Grant (GAG)	665	3,749	(3,528)	(268)	-	618
Other DfE/ESFA grants	-	581	(581)	-	-	-
Other government grants	-	351	(351)	-	-	-
Other restricted income	-	1	(1)	-	-	-
Pension reserve	(355)	-	(51)	-	406	-
	310	4,682	(4,512)	(268)	406	618
Restricted fixed asset funds						
DfE/ESFA capital grants	-	367	-	(314)	-	53
Fixed assets	7,580	-	(365)	649	-	7,864
Salix loan	(7)	-	-	1	-	(6)
	7,573	367	(365)	336	-	7,911
Total Restricted funds	7,883	5,049	(4,877)	68	406	8,529
Total funds	8,109	5,311	(5,046)	-	406	8,780

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Notes to the financial statements
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20. Statement of funds (continued)

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

General Annual Grant "GAG" must be used for the normal running costs of the academy.

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

The other government grants fund is used to track grants provided by other government departments.

The pensions reserve is a restricted fund to account for the movement in the Local Government Pension Scheme balance.

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The transfers into this fund represent capital items purchased during the year from revenue funds.

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Notes to the financial statements
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20. Statement of funds (continued)

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

	<i>Balance at 1 September 2021 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2022 £000</i>
Unrestricted funds						
General funds	173	211	(158)	-	-	226
Restricted general funds						
General Annual Grant (GAG)	398	3,658	(3,284)	(107)	-	665
Other DfE/ESFA grants	32	419	(424)	(27)	-	-
Other government grants	-	371	(360)	(11)	-	-
Other restricted income	1	2	(3)	-	-	-
Covid-19 catch-up premium	34	-	(34)	-	-	-
Pension reserve	(2,394)	-	(409)	-	2,448	(355)
	<u>(1,929)</u>	<u>4,450</u>	<u>(4,514)</u>	<u>(145)</u>	<u>2,448</u>	<u>310</u>
Restricted fixed asset funds						
DfE/ESFA capital grants	19	27	-	(46)	-	-
Fixed assets	7,743	-	(353)	190	-	7,580
Salix loan	(8)	-	-	1	-	(7)
	<u>7,754</u>	<u>27</u>	<u>(353)</u>	<u>145</u>	<u>-</u>	<u>7,573</u>
Total Restricted funds	<u>5,825</u>	<u>4,477</u>	<u>(4,867)</u>	<u>-</u>	<u>2,448</u>	<u>7,883</u>
Total funds	<u><u>5,998</u></u>	<u><u>4,688</u></u>	<u><u>(5,025)</u></u>	<u><u>-</u></u>	<u><u>2,448</u></u>	<u><u>8,109</u></u>

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20. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2023 were allocated as follows:

	2023	2022
	£000	£000
Allington Primary School	782	602
Barming Primary School	87	289
Total before fixed asset funds and pension reserve	869	891
Restricted fixed asset fund	7,911	7,573
Pension reserve	-	(355)
Total	8,780	8,109

Total cost analysis by academy

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

	Teaching and support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2023 £000	Total 2022 £000
Allington Primary School	1,530	178	118	314	2,140	1,979
Barming Primary School	1,767	210	128	361	2,466	2,231
LGPS non-actuarial charges	-	51	-	-	51	409
Central services	-	-	24	-	24	53
Academy Trust	3,297	439	270	675	4,681	4,672

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21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Restricted fixed asset funds 2023 £000	Total funds 2023 £000
Tangible fixed assets	-	-	7,856	7,856
Intangible fixed assets	-	-	8	8
Current assets	830	654	53	1,537
Creditors due within one year	(579)	(36)	(1)	(616)
Creditors due in more than one year	-	-	(5)	(5)
Total	251	618	7,911	8,780

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2022 £000</i>	<i>Restricted funds 2022 £000</i>	<i>Restricted fixed asset funds 2022 £000</i>	<i>Total funds 2022 £000</i>
Tangible fixed assets	-	-	7,565	7,565
Intangible fixed assets	-	-	15	15
Current assets	264	1,006	-	1,270
Creditors due within one year	(38)	(341)	(1)	(380)
Creditors due in more than one year	-	-	(6)	(6)
Provisions for liabilities and charges	-	(355)	-	(355)
Total	226	310	7,573	8,109

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

	2023 £000	2022 £000
Net income/(expenditure) for the year (as per Statement of financial activities)	265	(337)
Adjustments for:		
Amortisation	7	7
Depreciation	358	346
Capital grants from DfE and other capital income	(367)	(27)
Defined benefit pension scheme cost less contributions payable	41	371
Defined benefit pension scheme finance cost	10	38
(Increase)/decrease in debtors	(251)	127
Increase/(decrease) in creditors	236	(11)
Loss on disposal of tangible fixed assets	-	15
Net cash provided by operating activities	299	529

23. Cash flows from financing activities

	2023 £000	2022 £000
Repayments of borrowing	(1)	(1)
Net cash used in financing activities	(1)	(1)

24. Cash flows from investing activities

	2023 £000	2022 £000
Purchase of tangible fixed assets	(649)	(205)
Capital grants from DfE Group	367	27
Net cash used in investing activities	(282)	(178)

25. Analysis of cash and cash equivalents

	2023 £000	2022 £000
Cash in hand and at bank	1,145	1,129

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26. Analysis of changes in net debt

	At 1 September 2022 £000	Cash flows £000	At 31 August 2023 £000
Cash at bank and in hand	1,129	16	1,145
Debt due within 1 year	(1)	-	(1)
Debt due after 1 year	(6)	1	(5)
	<u>1,122</u>	<u>17</u>	<u>1,139</u>

27. Capital commitments

	2023 £000	2022 £000
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	<u>63</u>	<u>-</u>

28. Pension commitments

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

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

Contributions amounting to £63,000 were payable to the schemes at 31 August 2023 (2022 - £62,000) and are included within creditors.

Teachers' Pension Scheme

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

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

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28. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 28.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million
- the SCAPE discount rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 1.7% above the rate of CPI, and is based on the Office for Budget Responsibility's forecast for long-term GDP growth.

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

The employer's pension costs paid to TPS in the year amounted to £380,000 (2022 - £361,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2023 was £285,000 (2022 - £253,000), of which employer's contributions totalled £228,000 (2022 - £201,000) and employees' contributions totalled £57,000 (2022 - £52,000). The agreed contribution rates for future years are 22.5 per cent for employers and 5.5 to 12.5 per cent for employees.

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

Principal actuarial assumptions

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

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28. Pension commitments (continued)

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

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

Sensitivity analysis

	2023 £000	2022 £000
Discount rate +0.1%	(59)	(74)
Discount rate -0.1%	60	75
Mortality assumption - 1 year increase	74	83
Mortality assumption - 1 year decrease	(72)	(81)
CPI rate +0.1%	59	72
CPI rate -0.1%	(57)	(70)

Share of scheme assets

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

	At 31 August 2023 £000	At 31 August 2022 £000
Equities	1,853	1,754
Gilts	17	15
Corporate bonds	403	354
Property	294	314
Cash and other liquid assets	31	45
Other	319	192
Total market value of assets	2,917	2,674

The actual return on scheme assets was £7,000 (2022 - £(32,000)).

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For the year ended 31 August 2023

28. Pension commitments (continued)

The amounts recognised in the Statement of financial activities are as follows:

	2023	2022
	£000	£000
Current service cost	(267)	(571)
Interest income	119	43
Interest cost	(129)	(81)
Administrative expenses	(2)	(1)
Total amount recognised in the Statement of financial activities	(279)	(610)

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

	2023	2022
	£000	£000
At 1 September	3,029	4,861
Current service cost	267	571
Interest cost	129	81
Employee contributions	57	52
Actuarial gains	(532)	(2,523)
Benefits paid	(33)	(13)
At 31 August	2,917	3,029

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

	2023	2022
	£000	£000
At 1 September	2,674	2,467
Interest income	119	43
Actuarial losses	(126)	(75)
Employer contributions	228	201
Employee contributions	57	52
Benefits paid	(33)	(13)
Administrative expenses	(2)	(1)
At 31 August	2,917	2,674

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Notes to the financial statements
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29. Operating lease commitments

At 31 August 2023 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2023	<i>2022</i>
	£000	<i>£000</i>
Not later than 1 year	10	-
Later than 1 year and not later than 5 years	12	-
	<u>22</u>	<u>-</u>

30. Members' liability

Each member of the Academy Trust 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.

31. Related party transactions

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

The following related party transactions took place during the year: ✓

Expenditure related party transaction

During the year the following close family members of key management personnel were employed by the trust and/or paid a salary under an employment contract for their individual roles:

Naomi Elliott - niece of Executive Headteacher who served in the year.

In each case the member of key management had no involvement in the appointment of their close family members, and the Board of Directors are comfortable that both employees' salaries provide value for money and are not at a preferential rate.

Income related party transaction

During the year, donations of £1k were received from Allington PTA (2022 - £8k) and £14k from Barming PTA (2022 - £2k).

32. Controlling party

The Academy Trust is run by the management team on a day to day basis. Strategic decisions are made by the trustees. There is no ultimate controlling party.