

**Avocet Academy Trust**  
**(A Company Limited by Guarantee)**  
**Annual Report and Financial Statements**  
**Year ended 31 August 2020**

**Company Registration Number: 09254238 (England and Wales)**

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**Avocet Academy Trust**

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## Avocet Academy Trust

### Reference and administrative details

Members:	Peter Elliott Tony Cooper Jeremy Hennell-James	
Trustees:	Jeremy Mead (Chair) Lesley Cassie Jonathan Duggan Donald Hawkey Callum Ingram Paul Simpson Cheryl Singleton Roger Theobald Silas Norman Tony Cooper Marie-Claire Delbroque Jonathan Legh-Smith	Appointed 20/05/20 Appointed 04/10/20 Appointed 20/05/20  Resigned 07/10/19 Resigned 22/01/20 Resigned 07/10/19 Resigned 22/01/20 Resigned 20/09/19

#### Senior Management Team:

CEO	Mrs C Singleton
Executive Principal	Mrs J Stanley-Bell
Principal	Mr J Ratcliffe
Head of School	Mrs M Box
Head of School	Mrs H Murray
Head of School	Mrs M Geater
Chief Financial Officer (Business Leader)	Mrs J Porter-Hardy
Accounting Officer	Cheryl Singleton
Registered Office	Wickham Market Primary School Dallinghoo Road Wickham Market IP13 0RP

Company Registration Number 09254238

Auditors Ensors Accountants LLP  
Chartered Accountants  
Cardinal House, 46 St Nicholas Street  
Ipswich  
IP1 1TT

Bankers Barclays  
P O Box 216  
Brightwell Court  
Martlesham Heath  
Ipswich  
IP5 3PW

Solicitors Mills & Reeve LLP  
Botanic House, Hills Road  
Cambridge  
CB2 1PH

## **Avocet Academy Trust**

### **Trustees' Report**

The trustees present their annual report together with the audited financial statements of the academy trust (academy) for the period from 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report including a strategic report under company law.

The principal activity of the company is the operation of five state-funded schools providing education for pupils aged 3-11. Pupil capacity is as follows:

- Leiston Primary: Pupil Admission number (PAN) of 60 per year group and a 52 place Nursery
- Wickham Market: PAN 40 per year group and a 26 place Nursery
- Easton: PAN 15 per year group
- Aldeburgh: PAN 15 per year group
- Saxmundham: PAN 45 per year group

It has a total pupil capacity of 1225 plus 78 Nursery places and had a roll of 923 pupils of which 40 were in Nursery in the 2019 October census.

### **Structure, Governance and Management**

#### Constitution

The Charitable Company is known as Avocet Academy Trust. The academy trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the academy trust.

The Trust operates a three tier governance structure:

1. Members
2. Board of Trustees
3. Local Advisory Boards

The Trustees of Avocet Academy Trust are also the directors of the Charitable Company for the purposes of company law. Details of the Trustees who served throughout the year are included in the Reference and Administrative Details section at the beginning of the report.

#### Members' Liability

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

#### Trustees' Indemnities

Indemnity insurance is held for the Trustees to the sum of £5,000,000.

#### Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed by the Members of the Trust on recommendation from the Trust board. Where a vacancy arises Trustees seek to make an appointment that would maximise the skills, experience and expertise on the board as a whole.

A Trustee skills audit is carried out at least every two years (more frequently if changes in the group require it) and the results are shared with the whole Trust board and the Trust Members.

## **Avocet Academy Trust**

### **Trustees' Report (continued)**

#### *Policies and Procedures Adopted for the Induction and Training of Trustees.*

New Trustees follow a programme of induction led by the Chair of the Board and the CEO. All new Trustees are given:

- Access to key policies around Trustee conduct
- Access to Governor Hub. Trustees have access to all policies, key documents and meeting minutes of the Trust and each school via this hub. Key documents are sign posted through an introductory letter.
- Trustees spend half a day with the CEO visiting at least two schools and discussing Trust priorities in action (online meetings replaced this due to Covid-19.)
- Training is in place in response to new national initiatives or guidance as well as through self and group audit of skills. Training in the 2019 – 20 academic year has included:
- Safeguarding
- Advisory Board introduction
- Holding HTs to account – using pupil data

#### *Organisational Structure*

The Board of Trustees comprises those persons appointed under the articles of association as described earlier in this report.

The scheme of delegation outlines the responsibilities across the Trust. Day to day management is undertaken by the CEO supported by the Director of Learning and CFO. The day to day running of the school is by the appointed school leaders supported by the Trust leadership team.

The CEO is the Accounting Officer

#### *Arrangements for Setting Pay and Remuneration of Key Management Personnel*

Management personnel, including the Chief Financial Officer, are paid in line with the pay scales set out in the National pay and conditions document. Pay scales are set by the Trustees who are responsible for setting pay. All remuneration is in line with the Academy pay policy. Neither the CEO/AO, Executive Principal nor the Chief Financial Officer receive any additional remuneration. Other senior staff may be awarded one of payments in line with agreed outcomes. Non-executive trustees do not receive any remuneration.

#### *Related Parties and Other Connected Charities and Organisations*

Each school has a school fundraising body. Only the fundraising body for Easton, Easton Primary School Association, is considered to be a connected charity. More information in relation to this charity is shown in note 30 of the accounts.

#### *Trade Union Facility Time*

Information, as it applies to the academy trust, is included below to satisfy requirements of the Trade Union (Facility Time Publication Requirements) Regulations 2017 for the period from 1 April 2019 to 31 March 2020 (the relevant period).

The Academy Trust has no union officials and therefore the Trust does not pay for any facility time.

#### *Public Benefit*

In setting the objectives and planning the associated activities, Trustees have given careful consideration to the Charities commission's general guidance on public benefit.

### **Objectives and Activities**

#### *Objects, strategies and activities*

The principal objective and activity of the charitable company is the operation of Avocet Academy Trust to provide free education and care for pupils of different abilities from the age of 3 and 11.

The aim of the trust is to ensure that the children in each school get the best possible primary education. We aim to ensure that every pupil makes good and sustained progress academically as well as experiencing a range of opportunities to give them the skills they need for the next stage of their academic career and beyond.

## **Avocet Academy Trust**

### **Trustees' Report (continued)**

#### **Whole Academy Objectives**

- To seek to ensure that pupil progress is at or above National Standards at each step of their primary school journey in every school
- To continue to challenge school leaders to ensure that actions for improvement have the required impact by maintaining the balance of support and accountability
- To ensure that the Trust is sustainable and meets all our pupil needs
- To continuously develop staff as high quality leaders in every subject, phase and senior roles in all schools
- To have all teaching at least 'good' in all schools and to continuously improve teaching and learning at every level and every lesson
- To retain a broad and balanced curriculum in every school that is enriched by activities appropriate to context and children's needs
- To increase the central business services to schools to enable better value for money year on year and to reduce the workload around non-teaching and learning priorities from heads of schools to enable them to focus purely on standards for the children.
- To work closely with school leaders in the budget setting process to ensure school specific aims are met by those who know the school best
- To ensure that Advisory Board members and Trustees who hold school and Academy leaders to account are well informed and thorough in their analysis and challenge enabling the clarity of processes and continued scrutiny of practice that is crucial to continual improvement across the Trust
- To develop staff as researchers who lead their own teaching improvement and share this with colleagues to lead to continually improving provision for pupils

In the latter part of the year the following objectives were the priority:

- To ensure that all pupils had access to online learning daily and that as much of the curriculum as possible was delivered
- To ensure that vulnerable pupils continue to have needs met and were safe during the prolonged physical absence from school

The trustees ensure that each school and the academy as a whole have effective development plans that target areas of development particular to each school and that the plans are effectively executed. The short term monitoring of the development plans is delegated to the Advisory Boards who report to the trust not less than termly.

#### **Strategic report**

##### **Achievements and Performance**

**Due to the impact of Covid-19 and children not being educated in school for the vast majority of the summer term, there was no data for schools for 2020.**

##### **Leiston**

Leiston converted to the Academy at the MATs formation in 2014 and has improved in every measure since then. The improvement of the school was recognised in December 2017 when the school achieved an Ofsted rating of Good. The school has a strong welfare and support team to meet the needs of our children there. Learning for all children has been supported through the implementation of an enrichment programme aimed at broadening experiences of our children through the improved curriculum as well as out of school experiences. The nursery has grown substantially in the last two years and the school has been successful in narrowing the gap in achievement at the end of Key stage two between those in receipt of pupil premium and those who are not.

##### **Aldeburgh**

Aldeburgh converted to the Academy in May 2017. It was judged to be "Good" by Ofsted in 2020. Strengths were identified in the quality of the curriculum provided for the children. The school has very strong community links and is involved with a number of local organisations aimed at widening the experiences and opportunities for the children. Progress data at the end of 2019 reflects at or above average progress in all areas when compared to national figures. Aldeburgh is at capacity in almost all year groups.

##### **Wickham Market**

Judged by Ofsted as "Good" for overall effectiveness in October 2017, Wickham Market has continued to achieve highly at the end of KS2 achieving above National Averages at the end of KS2 in all areas last year and in all areas except reading this year, which was only just below expected. Maths attainment was high following work to improve in this area. Attendance is above National averages and there is support available in the school for the growing demand for family welfare. Results at KS1 have improved in 2019. Combined achievement data shows a 3-year upward trend

## **Avocet Academy Trust**

### **Trustees' Report (continued)**

#### Easton

Easton was judged as "Good" in October 2017. It continues to demonstrate well above the national average in Reading and Writing achievement (2019.) The school is focussing on enabling children to progress at a faster rate to bring Mathematics progress in line with the other subjects. Easton has a high level of involvement in the community it serves and invests in good quality staff development and an enriched curriculum.

#### Saxmundham

Converted to Avocet Trust in November 2018. The school has seen improvements at KS2 in the combined score and it was above the national average. Since joining the Trust the school has significantly changed the staffing structure to enable more welfare support as well as targeted teaching to those pupils who need it. The teaching of phonics has been completely restructured and showed massive improvement from 2019 to 2020 (internal assessments.) Progress was at or above national averages in combined achievement data with the most able children in particular showing good progress.

#### Trust Key Performance Indicators

Our schools' performance is measured through the use of KPIs (Key Performance Indicators) and monitoring reports from senior staff and external bodies which are intended to act as clear indicators in our aim of continuous improvement and excellence. This year, with no actual pupil performance data due to the impact of Covid-19 the usual indicators are not applicable. Below is a list of achievements by the Trust for the pupils:

- Providing online learning for all pupils throughout the school closure period
- Keeping schools open to all those who could attend
- Providing meals and support to vulnerable groups
- Providing out of term time provision for all pupils who required it
- Working within guidelines and maintaining adequate staffing and safe conditions at all times
- Protecting vulnerable staff and ensuring that all pupil needs were met
- Effective communications across all bodies in the Trust to ensure confidence, understanding and commitment

As well as this we have put in place the following to further meet our pupil needs.

- Implemented more rigorous assessment process in all school over 120 pupils to highlight and targets areas for development and improve outcomes
- Develop middle and senior leaders through bespoke leadership development programmes

#### Pupil recruitment

Aldeburgh is almost full with some year groups being up to PAN. All other schools have room in most year groups as is common for this part of the county. Leiston Primary continues to see substantial growth in Nursery and other year groups throughout the year. Saxmundham has seen a decrease of 13 (5%) of pupils. The Trust believes the best method to increase pupil recruitment is to continually raise standards and therefore improvement plans and resources are allocated for this purpose. Each school has in place methods to attract families through the use of open days and we have invested in our websites to support this.

#### Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy 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 Accounting Policies note of the financial statements.

## **Avocet Academy Trust**

### **Trustees' Report (continued) Financial Review**

We receive our income from a number of sources. The majority of our income comes from central government via the Educational and Skills Funding Agency who provide us with the grant, based largely on our pupil numbers to cover our staffing and general running costs (General Annual Grant -GAG.) The ESFA may provide us with additional grants for specific purposes (such as pupil premium which must be used to raise the attainment of disadvantaged pupils.) These appear in the accounts as DFE / ESFA grants. Where we receive grant or other funding from the local authority (such as where we undertake responsibilities on their behalf in respect of our students) this appears in the accounts as 'other government grants.' Such income is collectively referred to as 'restricted funds.' Other income is received from parents (for example income for trips) and from other third parties (for example from Lettings of our premises.) Such other income may be restricted or unrestricted, depending whether it comes to us with conditions as to its use or whether it is available to spend at the discretion of the Trustees.

We hold funds in two broad categories, funds which are available for spending and other funds which are not available for spending. Spendable funds are categorised into restricted and unrestricted. Funds not available for spending include the book value of fixed assets such as land, buildings and resources. These have a value and are therefore included as assets in the accounts but clearly we cannot spend this value. In common with all Academies and Local Authorities, our share of the Local Government Pension Scheme deficit must also be reflected in our accounts and as this is not a conventional liability, it does not need to be deducted from spendable funds. We meet our obligations in respect of the LGPS deficit by paying over pension contributions due as calculated by the schemes actuaries.

The deficit for the year before the actuarial pension loss was £515,104, however excluding the restricted pension fund and restricted fixed asset net expenditure transactions after transfers of £505,696, expenditure exceeded income by £9,408.

The Academy Trust held restricted general funds (excluding pension reserves) of £170,229 and unrestricted funds of £321,027 which combined were £491,256 as at the 31<sup>st</sup> August 2020 compared to £500,664 as at 31 August 2019.

#### Principal risks and uncertainties

The major risks to which the Trust is exposed to are:

- Reductions in funding through loss of pupils in an area where schools have to compete for pupils
- Closures due to Covid-19
- Reputational risk by poor Ofsted performance of more vulnerable schools
- Failure to recruit and retain high quality staff and staff absence due to current pandemic which could impact on pupils education

An updated risk register is reviewed regularly by the audit and risk committee and then by the Trustee Board. Their key objective is to minimise risk and take mitigating action where required.

The Trust has an effective system of internal financial controls which is explained more in the governance statement

#### Reserves policy

The Trust held fund balances of £11,180,174. This comprises restricted funds £10,859,147 of which £12,945,918 relate to the fixed asset fund, £170,229 restricted general fund and pension reserve deficit of £2,257,000. The pension reserve deficit is payable out of future annual income.

The Trust has a policy in place that is reviewed regularly. The level of free reserves should never be in deficit and free reserves should be as close to the equivalent of 5% of total GAG funding as possible (the actual reserve will be made of unrestricted funds.)

The required unrestricted funds based on 5% of the 2019/20 GAG is £173,107 and the academy had £321,027 unrestricted funds at the year end. The Trust is aware that the reserves figure is above the recommended policy figure but does include £137,563 which is allocated between the schools as a contingency figure.

The combined restricted general funds (excluding pension reserves) and unrestricted funds were £491,256 as at the 31<sup>st</sup> August 2020. It is likely that a proportion of these funds will be used by the Trust and its schools in the medium term to support budgets and for school improvements.

#### Investment policy

There are no investments held beyond cash deposits retained with the major UK clearing banks.



## **Avocet Academy Trust**

### **Trustees' Report (continued)**

#### **Plans for Future Periods**

Trustees recognise that to continue to deliver their aims there is a need for the Trust to grow in size. Currently the Trust is looking to develop partnerships with other local Trusts with a view to a possible merger in time. Avocet is based on the principle of collaboration between schools being the basis of improvement. Working with more schools through merging with another Trust provide more opportunities for this.

#### **Funds held as Custodian Trustee on behalf of others**

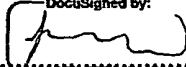
The Academy Trust or Trustees do not act as Custodian Trustee.

#### **Auditor**

In so far as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 18 December 2020 and signed on the board's behalf by:

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.....  
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**Dr Jeremy Mead**  
**Chair of Trustees**

## Avocet Academy Trust

### Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Avocet 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 board of trustees has delegated the day-to-day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Avocet Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the period. Attendance during the period at meetings of the board of trustees was as follows:

	Meetings Attended	Out of Possible
Dr Jeremy Mead	7	7
Paul Simpson	4	4
Don Hawkey	3	4
Lesley Cassie	7	7
Jonathan Duggan	5	7
Cheryl Singleton	7	7
Roger Theobald (resigned)	0	0
Marie-Claire Delbroque (resigned)	1	2
Tony Cooper (resigned)	0	0
Jonathan Legh-Smith (resigned)	0	0

At the beginning of the academic year the Trust made the decision to move from Local Governing Bodies to Advisory Boards. This change is in line with the role outlined in the scheme of delegation. Advisory boards are charged with challenging and supporting head teachers in the performance indicators for our pupils and the school. It is not a decision making body, all decisions are taken at Trust level unless delegated to staff members as per the scheme of delegation.

The Trust board has been supplied with data from the schools which is based on Key performance Indicators which enables them to clearly see successes and areas for development in pupil outcomes. It also enables them to hold Advisory boards (Abs) and Trust and school leaders to account. The Trust board will be working closely with the ABs to improve the challenge to school leaders and the rigour around pupil data in the coming year.

## Avocet Academy Trust

### Governance Statement (continued)

The finance and audit committee(s) is a sub-committee of the main board of trustees. Its purpose is to:

- ensure good financial management and effective internal controls;
- compliance with the funding agreement and the Academies Financial Handbook ;
- ensure sufficient rigour and scrutiny in the budget management process;
- to understand and address variances between the budget forecast and actual income and expenditure;
- receive and consider information on the financial performance of the trust at least three times a year, taking action to ensure ongoing viability;
- to provide assurance in relation to the suitability of, and compliance with, its financial systems and operational controls, taking into account the differing risks and complexity of their operations;

#### Finance, Audit and Risk Meetings Attendance:

	Meetings Attended	Out of Possible
Marie-Claire Delbrouque (resigned)	1	1
Paul Simpson	2	2
Jonathan Legh-Smith (resigned)	0	0
Jonathan Duggan	3	5

#### Review of Value for Money

As accounting officer the CEO has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

#### External inspections

There was one Ofsted inspection this year – Aldeburgh Primary School.

School	Date of last Ofsted	Grade
Aldeburgh	March 2020	Good
Easton	October 2017	Good
Leiston	December 2017	Good
Wickham Market	October 2017	Good
Saxmundham	March 2018	Good

## **Avocet Academy Trust**

### **Governance Statement (continued)**

#### **Review of Value for Money (continued)**

##### *Leadership and capacity in the Trust*

The Trust has a strong ethos of collaboration with staff and in particular school leaders. SLT meet regularly, led by the CEO and the Director of Learning, to maximise progress, outcomes and opportunities for pupils as well as contribute to MAT policy and procedures. SLT members, with support from the Trust, are upskilling middle leaders. Trust leaders are mindful of the need for succession planning as our existing school leaders progress in their careers.

##### *Administration*

The CFO and FO are continuously reviewing procedures and systems to ensure that value for money is achieved at all times. Due to astute decision making around financial and wider systems at the founding of the Trust new schools are added with ease and minimal expense as well as saving time for the admin team. The team has grown to include an HR lead this year and new payroll systems have been put in place. These will be reviewed in the next financial year alongside a potential re-organisation of the central team and the administration practices across the Trust.

##### *Covid response and pupil support*

The schools have effectively responded to the continuously changing government guidance and provided for all pupils throughout the closure. After the closure new routines were implemented to ensure that the school was safe and met the needs of all pupils. All pupils received education online and vulnerable pupils were contacted by staff. Going forward the schools now have a system in place to support home learning both as an enhancement to in school learning or, in the event of closure, as a replacement.

### **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 the academy's policies, aims and objectives. Internal control will evaluate the likelihood of those risks being realised, the impact should they be realised and will manage them efficiently, effectively and economically. The system of internal control has been in place in Avocet Academy Trust for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

#### **Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. The Academy risk register is in place and the board recognises that this document is reviewed at each Audit and Risk Committee meeting and the outcomes shared with Trustees.

#### **The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the finance 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
- identification and management of risk

The Board of Trustees has considered the need for a specific internal audit function, the external auditors Ensors were also our internal auditors, but due to changes in the requirements of the newly revised FRC Ethical Standard for auditors, they have not been reappointed as the internal auditors. The Board of Trustees are considering academy peer reviews and other options to deliver internal scrutiny, in addition to carrying out reviews themselves.

**Avocet Academy Trust**

**Governance Statement (continued)**

**The Risk and Control Framework (continued)**

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

- Governance
- Pensions
- SMRA (Led by ESFA)

On an annual basis the external auditor reports to the Board of Trustees, through the audit and finance committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. Reports will also be submitted to the committee regarding internal audits as and when they are completed and reported to the board.

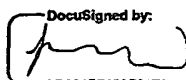
**Review of Effectiveness**

As accounting officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the external auditors
- the work of the internal auditors
- the financial management and governance self-assessment

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

Approved by order of the Board of Trustees on 18 December 2020 signed on its behalf by:

DocuSigned by:  
  
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**Dr Jeremy Mead**  
**Chair of Trustees**

  
.....  
**Cheryl Singleton**  
**Accounting officer**

**Avocet Academy Trust**

**Statement on Regularity, Propriety and Compliance**

As accounting officer of Avocet 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 ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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.



**Cheryl Singleton**

**CEO and Accounting officer**

18 December 2020

## Avocet Academy Trust

### Statement of Trustees' Responsibilities

The trustees (who act as governors of Avocet Academy Trust and are also directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report (including the Strategic Report and Directors' Report) and the financial statements in accordance 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 the incoming resources and application of resources, including its income and expenditure. In preparing these financial statements, the trustees are required to:

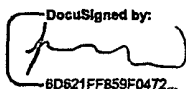
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards [FRS 102] 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 operation.

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 to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education and Skills Funding Agency and Department for Education have been applied for the purposes intended.

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

Approved by the order of the members of the board of trustee on 18 December 2020 and signed on its behalf by:

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**Dr Jeremy Mead**  
**Chair of Trustees**

## **Avocet Academy Trust**

### **Independent Auditor's Report to the Members of Avocet Academy Trust**

#### **Opinion**

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

In our opinion the financial statements:

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

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

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

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.



## **Avocet Academy Trust**

### **Independent Auditor's Report to the Members of Avocet 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 strategic report and the directors' report.

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

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

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 13, 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.

#### **Auditor's responsibilities for the audit of the financial statements**

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

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

18 January 2021

.....  
Barry Gostling FCCA DChA– Senior Statutory Auditor

For and on behalf of:  
Ensors Accountants LLP  
Cardinal House  
46 St Nicholas Street  
Ipswich  
IP1 1TT

## **Avocet Academy Trust**

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

In accordance with the terms of our engagement letter dated 21 October 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Avocet Academy Trust during the period 01 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

#### **Respective responsibilities of Avocet Academy Trust accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Avocet Academy Trust funding agreement with the Secretary of State for Education dated 31 October 2018 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

#### **Approach**

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

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

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

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

The work undertaken to draw our conclusions includes:

- Enquiry of senior management and the academy's Trustees.
- Inspection and review of the accounting records, meeting minutes, internal control procedures, management representations and declarations of interest.
- Observation and re-performance of the financial controls.
- Review of the results of the Academy's process of independent checking of financial controls, systems and transactions.

#### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

18 January 2021

.....  
Reporting Accountant  
Ensors Accountants LLP  
Cardinal House, 46 St Nicholas Street  
Ipswich  
IP1 1TT

**Avocet Academy Trust****Statement of Financial Activities for the Year ended 31 August 2020**  
**(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total for the year ended 31 August 2020 £	Total for the year ended 31 August 2019 £
<b>Income and endowments from:</b>						
Donations and capital grants	2	7,551	20,359	(4,161)	23,749	21,376
Transfer from local authority on conversion		-	-	-	-	3,392,215
<b>Charitable Activities:</b>						
Funding for the Academy	3	-	4,432,570	-	4,432,570	4,033,067
Trust's educational operations						
Other trading activities	4	158,247	40	-	158,287	293,360
Investments	5	303	-	-	303	245
<b>Total</b>		<b>166,101</b>	<b>4,452,969</b>	<b>(4,161)</b>	<b>4,614,909</b>	<b>7,740,263</b>
<b>Expenditure on:</b>						
<b>Charitable activities:</b>						
Raising funds	6	270	-	-	270	772
Academy's educational operations	7	161,801	4,612,742	355,200	5,129,743	4,693,484
<b>Total</b>	6	<b>162,071</b>	<b>4,612,742</b>	<b>355,200</b>	<b>5,130,013</b>	<b>4,694,256</b>
<b>Net income / (expenditure)</b>		<b>4,030</b>	<b>(159,773)</b>	<b>(359,361)</b>	<b>(515,104)</b>	<b>3,046,007</b>
<b>Transfers between funds</b>	17	-	(49,665)	49,665	-	-
<b>Other recognised gains and losses</b>						
Actuarial (losses)/gains on defined benefit pension schemes	28	-	(462,000)	-	(462,000)	(545,000)
<b>Net movement in funds</b>		<b>4,030</b>	<b>(671,438)</b>	<b>(309,696)</b>	<b>(977,104)</b>	<b>2,501,007</b>
<b>Reconciliation of funds</b>						
Funds brought forward at 1 September 2019		316,997	(1,415,333)	13,255,614	12,157,278	9,656,271
<b>Funds carried forward at 31 August 2020</b>	17	<b>321,027</b>	<b>(2,086,771)</b>	<b>12,945,918</b>	<b>11,180,174</b>	<b>12,157,278</b>

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

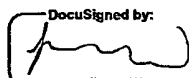
**Avocet Academy Trust****Statement of Financial Activities for the period ended 31 August 2019  
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses) showing comparatives by fund**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total for the year ended 31 August 2019 £
<b>Income and endowments from:</b>					
Donations and capital grants	2	5,253	33,997	(17,874)	21,376
Transfer from local authority on conversion		101,331	(217,000)	3,507,884	3,392,215
<i>Charitable Activities:</i>					
Funding for the Academy Trust's educational operations	3	-	4,033,067	-	4,033,067
Other trading activities	4	292,841	519		293,360
Investments	5	245	-	-	245
<b>Total</b>		<b>399,670</b>	<b>3,850,583</b>	<b>3,490,010</b>	<b>7,740,263</b>
<b>Expenditure on:</b>					
<i>Charitable activities:</i>					
Raising funds	6	772	-	-	772
Academy's educational operations	7	299,457	4,066,253	327,774	4,693,484
<b>Total</b>	6	<b>300,229</b>	<b>4,066,253</b>	<b>327,774</b>	<b>4,694,256</b>
<b>Net income / (expenditure)</b>		<b>99,441</b>	<b>(215,670)</b>	<b>3,162,236</b>	<b>3,046,007</b>
<b>Transfers between funds</b>	17	-	(78,159)	78,159	-
<b>Other recognised gains and losses</b>					
Actuarial (losses)/gains on defined benefit pension schemes	28	-	(545,000)	-	(545,000)
<b>Net movement in funds</b>		<b>99,441</b>	<b>(838,829)</b>	<b>3,240,395</b>	<b>2,501,007</b>
<b>Reconciliation of funds</b>					
Funds brought forward at 1 September 2018		217,556	(576,504)	10,015,219	9,656,271
<b>Funds carried forward at 31 August 2019</b>	17	<b>316,997</b>	<b>(1,415,333)</b>	<b>13,255,614</b>	<b>12,157,278</b>

**Avocet Academy Trust****Balance sheet as at 31 August 2020**

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	12	8,251	3,033
Tangible assets	13	13,065,214	13,272,941
		<u>13,073,465</u>	<u>13,275,974</u>
<b>Current assets</b>			
Debtors	14	159,432	201,055
Cash at bank and in hand		768,735	829,899
		<u>928,167</u>	<u>1,030,954</u>
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	15	(416,243)	(494,050)
<b>Net current assets</b>		<u>511,924</u>	<u>536,904</u>
<b>Total assets less current liabilities</b>		13,585,389	13,812,878
Creditors: Amounts falling due after more than one year	16	(148,215)	(56,600)
<b>Net assets excluding pension liability</b>		<u>13,437,174</u>	<u>13,756,278</u>
Pension scheme liability	28	(2,257,000)	(1,599,000)
<b>Net assets including pension liability</b>		<u>11,180,174</u>	<u>12,157,278</u>
<b>Funds of the academy:</b>			
<b>Restricted funds</b>			
Fixed asset funds	17	12,945,918	13,255,614
Restricted income fund	17	170,229	183,667
Pension reserve	17	(2,257,000)	(1,599,000)
<b>Total restricted funds</b>		<u>10,859,147</u>	<u>11,840,281</u>
<b>Unrestricted income funds</b>	17	321,027	316,997
<b>Total funds</b>		<u>11,180,174</u>	<u>12,157,278</u>

The financial statements on pages 17 to 41 were approved by the trustees, and authorised for issue on 18 December 2020 and are signed on their behalf by:

DocuSigned by:  
  
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**Dr Jeremy Mead**  
**Chair of Trustees**

Company Limited by Guarantee  
 Registration Number 09254238

**Avocet Academy Trust****Cash Flow Statement for the Year Ended 31 August 2020**

	Notes	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	23	31,167	182,314
<b>Cash flows from investing activities</b>	24	(154,743)	(256,644)
<b>Cash flows from financing activities</b>	25/27	62,412	48,661
<b>Cash transferred on conversion to an academy trust</b>		-	109,215
<b>Change in cash and cash equivalents in the reporting period</b>	27	<u>(61,164)</u>	<u>83,546</u>
Cash and cash equivalents at 1 September 2019		829,899	746,353
<b>Cash and cash equivalents at 31 August 2020</b>	26/27	<u>768,735</u>	<u>829,899</u>

## **Avocet Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2020**

#### **1 Accounting Policies**

##### **General information and basis of preparation**

Avocet Academy Trust is a company limited by guarantee incorporated in England. The address of the registered office and company registration number is given in the Reference and Administrative Details given on page 1 of these financial statements and the principal place of business is Aldeburgh, Easton, Leiston, Saxmundham and Wickham Market. The nature of the academy trusts operations and principal activities are set out in the Trustees' Report on page 2.

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

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

##### **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 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.

Per the Statement of Financial Activities, the Academy has deficit on the restricted general reserves of £2,086,771. This is due to deficit on the pension reserve of £2,257,000 which is payable out of future annual income and therefore does not cause any issues for the going concern of the Academy.

The Trustees' assessment of going concern has taken into consideration the effects that COVID-19 may have on the Academy Trust's operations going forwards, which remains uncertain at the time of approving the financial statements

##### **Income**

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

##### **• Grants receivable**

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 period is deducted from income and recognised as a liability.

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

## Avocet Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 1 Accounting Policies (continued)

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

- **Transfer on conversion**

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised for the transfer on conversion within Donations and capital grant income to the net assets received. The basis of measurement for transferred premises is at depreciated replacement cost.

#### **Expenditure**

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

#### **Intangible Fixed 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 fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Computer software	25% (4 years)
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## **Avocet Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **1 Accounting Policies (continued)**

##### **Tangible Fixed Assets**

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

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

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

Long leasehold land and buildings	2%-10% (10 to 50 years)
Furniture and equipment	20% (5 years)
ICT equipment	25% (4 years)

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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

##### **Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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.

##### **Provisions**

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

##### **Leased Assets**

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

## **Avocet Academy Trust**

### **Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)**

#### **1 Accounting Policies (continued)**

##### **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 basis are as follows:

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. 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 (including loans) are financial instruments and are measured at amortised cost as detailed in notes 15 and 16. 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.

The Academy Trust has concessionary loans (Salix loans) repayable in more than one year. The Academy Trust has opted to initially recognise and measure the loans at the amount received, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted if necessary, for any impairment.

##### **Taxation**

The Academy 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 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.

##### **Pensions Benefits**

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

The TPS is an unfunded scheme and contributions are calculated to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary based on quadrennial valuations using a prospective unit credit method. As stated in note 28, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore 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 scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net operating income/(expenditure) are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability 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.

**Avocet Academy Trust****Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)****1 Accounting Policies (continued)****Fund Accounting**

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

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

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

**Critical accounting estimates and areas of judgement**

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

**Critical accounting estimates and assumptions**

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions includes 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact the carrying amount of the pension liability.

**Key area of judgement**

The legal owner of a significant proportion of the school premises at Aldeburgh Primary School is The St Edmundsbury and Ipswich Diocesan Board and leased to the Academy Trust on a short-term lease. The Trustees have exercised judgment to conclude that control remains with The St Edmundsbury and Ipswich Diocesan Board and not the Academy Trust and therefore the land and buildings are not shown on the Academy Trust's Balance Sheet. This premises is leased at a below market rate rent and the Trustees do not feel a notional rent expense and a notional donation can be reliably measured to show the rent at market rate and therefore this has not been recognised within the accounts.

**2 Donations and capital grants**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
Capital Grants	-	(4,161)	(4,161)	(17,874)
Donations	7,551	20,359	27,910	39,250
	<u>7,551</u>	<u>16,198</u>	<u>23,749</u>	<u>21,376</u>

**Avocet Academy Trust****Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)****3 Funding for Academy Trust's Educational Operations**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
<b>DfE/ESFA revenue grants</b>				
General Annual Grant (GAG)	-	3,462,130	3,462,130	3,212,611
Start-up grants	-	-	-	25,000
Pupil premium	-	275,256	275,256	251,451
Other DfE/ESFA grants	-	402,682	402,682	273,418
	<u>-</u>	<u>4,140,068</u>	<u>4,140,068</u>	<u>3,762,480</u>
<b>Other Government grants</b>				
Local authority grants	-	292,502	292,502	270,587
	<u>-</u>	<u>292,502</u>	<u>292,502</u>	<u>270,587</u>
<b>Exceptional Government funding</b>				
Coronavirus funding	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>4,432,570</u>	<u>4,432,570</u>	<u>4,033,067</u>

**4 Other Trading Activities**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
Hire of facilities	10,256	-	10,256	17,035
Catering income	40,288	-	40,288	54,128
Income from Educational Trips	48,992	-	48,992	49,347
Other income	58,711	40	58,751	172,850
	<u>158,247</u>	<u>40</u>	<u>158,287</u>	<u>293,360</u>

**5 Investment Income**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
Bank interest	303	-	303	245
	<u>303</u>	<u>-</u>	<u>303</u>	<u>245</u>

**Avocet Academy Trust****Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)****6 Expenditure**

	<b>Staff Costs £</b>	<b>Non-Pay Expenditure Premises £</b>	<b>Other Costs £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
Expenditure on raising funds					
Direct costs	-	-	270	270	772
Academy's educational operations					
Direct costs	3,385,586	293,583	342,178	4,021,347	3,575,896
Allocated support costs	313,098	210,995	584,303	1,108,396	1,117,588
	<u>3,698,684</u>	<u>504,578</u>	<u>926,481</u>	<u>5,129,743</u>	<u>4,693,484</u>
				<b>2020 £</b>	<b>2019 £</b>
<b>Net income/(expenditure) for the period includes:</b>					
Operating lease rentals				21,416	20,735
Depreciation				353,024	325,067
Amortisation of intangible fixed assets (included within Charitable Activities – Academy trust educational operations)				2,176	2,708
Loss on disposal of fixed assets				-	2,682
Fees payable to auditor for:					
Audit				11,585	11,250
Assurance services other than audit				<u>3,815</u>	<u>3,075</u>

Included within expenditure there was £155 relating to unrecoverable debts.

**7 Charitable Activities**

		<b>Total 2020 £</b>	<b>Total 2019 £</b>
Direct costs – educational operations		4,021,347	3,575,896
Support costs – educational operations		1,108,396	1,117,588
		<u>5,129,743</u>	<u>4,693,484</u>
<b>Analysis of support costs</b>	<b>Educational Operations £</b>	<b>Total 2020 £</b>	<b>Total 2019 £</b>
Support staff costs	297,100	297,100	329,921
Technology costs	80,259	80,259	71,677
Premises costs	210,995	210,995	122,218
Other support costs	483,862	483,862	545,174
Governance costs	36,180	36,180	48,599
	<u>1,108,396</u>	<u>1,108,396</u>	<u>1,117,589</u>

**Avocet Academy Trust****Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)****8 Staff****(a) Staff costs**

	2020 £	2019 £
Staff costs during the period were:		
Wages and salaries	2,698,849	2,533,279
Social security costs	219,714	202,825
Operating costs of defined benefit pension schemes	752,465	533,643
	<u>3,671,028</u>	<u>3,269,747</u>
Supply staff costs	26,847	45,774
Staff restructuring costs – severance payments	809	3,024
	<u>3,698,684</u>	<u>3,318,545</u>

**(b) Staff severance payments**

Included in staff restructuring costs is one non-statutory/non-contractual severance payment of £809 (2019: £3,024).

**(c) Staff numbers**

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

	2020 No.	2019 No.
<b>Charitable Activities</b>		
Teachers	45	42
Administration and support (includes teaching assistants)	95	86
Management	10	8
	<u>150</u>	<u>136</u>

**(d) Higher paid staff**

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

	2020 No.	2019 No.
£60,001 - £70,000	1	-
£70,001 - £80,000	1	1

**(e) Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £580,595 (2019: £527,832).

**Avocet Academy Trust****Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)****9 Central services**

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

- human resources
- payroll
- financial services
- insurance
- procurement
- clerking services
- principals and Business Leader costs
- educational support services

The trust charges for these services by taking the cost of these services and allocated these to each school on either an equal charge basis or a cost per pupil.

The actual amounts charged during the period were as follows:

	2020 £	2019 £
Aldeburgh Primary School	78,726	59,100
Easton Primary School	68,780	55,922
Leiston Primary School	93,401	80,617
Saxmundham Primary School	88,881	39,815
Wickham Market Primary School	64,545	71,846
	<u>394,333</u>	<u>307,300</u>

**10 Related Party Transactions - Trustees' Remuneration and Expenses**

One or more trustees have been paid remuneration or have received other benefits from an employment with the academy trust. The co-principals and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration was as follows:

C Singleton (CEO and trustee):

Remuneration	£75,000 - £80,000 (2019: £70,000-£75,000)
Employers' pension contributions	£15,000- £20,000 (2019: £10,000- £15,000)

During the year ended 31 August 2020, travel, administration and curriculum expenses totalling £415 (2019: £220) were reimbursed or paid directly to 1 trustee (2019: 1 trustees)

Other related party transactions involving the trustees are set out in note 29.

**11 Trustees' and Officers' Insurance**

In accordance with normal commercial practice the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2020 was £166 (2019: £166). The cost of this insurance is included in the total insurance cost.

**Avocet Academy Trust****Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)****12 Intangible Fixed Assets**

	Computer Software £	Total £
<b>Cost</b>		
At 1 September 2019	21,455	21,455
Additions	7,394	7,394
At 31 August 2020	28,849	28,849
<b>Amortisation</b>		
At 1 September 2018	18,422	18,422
Charged in year	2,176	2,176
At 31 August 2019	20,598	20,598
<b>Carrying Amount</b>		
At 31 August 2019	3,033	3,033
At 31 August 2020	8,251	8,251

**13 Tangible Fixed Assets**

	Long Leasehold Land and Buildings £	Furniture and Equipment £	Computer Equipment £	Assets under construction £	Total £
<b>Cost</b>					
At 1 September 2019	14,082,689	71,113	123,511	142,056	14,419,369
Transfer between categories	130,000	12,056	-	(142,056)	-
Transfer on conversion	-	-	-	-	-
Additions	101,172	15,399	28,726	-	145,297
Disposals	-	-	-	-	-
At 31 August 2020	14,313,861	98,568	152,237	-	14,564,666
<b>Depreciation</b>					
At 1 September 2019	1,038,311	33,016	75,101	-	1,146,428
Charged in year	311,889	16,894	24,241	-	353,024
Disposals	-	-	-	-	-
At 31 August 2020	1,350,200	49,910	99,342	-	1,499,452
<b>Net book values</b>					
At 31 August 2019	13,044,378	38,097	48,410	142,056	13,272,941
At 31 August 2020	12,963,661	48,658	52,895	-	13,065,214

Long leasehold Land and Buildings are being leased from the Suffolk County Council for a period of 125 years. The basis of valuation used to value the leasehold buildings on acquisition was fair value on the depreciated replacement cost (DRC) basis.



**Avocet Academy Trust****Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)****14 Debtors**

	2020 £	2019 £
Trade debtors	4,437	16,174
VAT recoverable	32,812	65,840
Other debtors	8,174	242
Prepayments and accrued income	114,009	118,799
	<u>159,432</u>	<u>201,055</u>

**15 Creditors: amounts falling due within one year**

	2020 £	2019 £
Trade creditors	82,485	154,232
Taxation and social security	53,798	47,661
Other creditors	136,109	120,564
Accruals and deferred income	143,851	171,593
	<u>416,243</u>	<u>494,050</u>

**Deferred income**

	2020 £	2019 £
Deferred Income at 1 September 2019	119,277	63,277
Resources deferred in the year	110,848	119,241
Amounts released from previous years	(119,277)	(63,277)
Deferred Income at 31 August 2020	<u>110,848</u>	<u>119,277</u>

At the balance sheet date the academy trust was holding funds received in advance for educational trips booked for 2020/21 and grants relating to autumn term 2020.

**16 Creditors: amounts falling due after more than one year**

	2020 £	2019 £
Other creditors	148,215	56,600
	<u>148,215</u>	<u>56,600</u>

Included within other creditors due in less than one year and within the amounts due in more than 1 year there are Salix loans inherited from local authority predecessor schools on conversion of £10,808 (2019:£17,199) repayable over less than 5 years and a Salix loan from the ESFA under a Condition Improvement Fund of £67,985 (2019: £33,622) repayable over more than 5 years. These loans are interest free and the total amount due after 5 years is £25,494 (2019:£12,608). Also included within other creditors due in less than one year and within the amounts due in more than 1 year there is loan from the ESFA of £90,232 (2019:21,430) with interest of 2.6% is being charged on this loan. The loan is repayable over more than 5 years and the total amounts due after 5 years is £48,030.

**Avocet Academy Trust****Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)****17 Funds**

	Balance at 1 September 2019 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2020 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	137,435	3,462,130	(3,255,933)	(234,412)	109,220
Pupil premium	-	275,256	(275,256)	-	-
Other DfE/ESFA grants	37,356	402,682	(374,037)	(13,314)	52,687
Other restricted funds	8,876	312,901	(302,516)	(10,939)	8,322
Pension reserve	(1,599,000)	-	(405,000)	(253,000)	(2,257,000)
	<u>(1,415,333)</u>	<u>4,452,969</u>	<u>(4,612,742)</u>	<u>(511,665)</u>	<u>(2,086,771)</u>
<b>Restricted fixed asset funds</b>					
DfE/ESFA capital grants	503,196	(4,161)	(63,043)	24,403	460,395
Capital expenditure from GAG	50,673	-	(6,303)	25,412	69,782
Donations and gifted assets	12,696,636	-	(282,551)	(150)	12,413,935
Other capital funds	5,109	-	(3,303)	-	1,806
	<u>13,255,614</u>	<u>(4,161)</u>	<u>(355,200)</u>	<u>49,665</u>	<u>12,945,918</u>
<b>Total restricted funds</b>	<u>11,840,281</u>	<u>4,448,808</u>	<u>(4,967,942)</u>	<u>(462,000)</u>	<u>10,859,147</u>
<b>Total unrestricted funds</b>	<u>316,997</u>	<u>166,101</u>	<u>(162,071)</u>	<u>-</u>	<u>321,027</u>
<b>Total funds</b>	<u>12,157,278</u>	<u>4,614,909</u>	<u>(5,130,013)</u>	<u>(462,000)</u>	<u>11,180,174</u>

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

- The General annual Grant (GAG) is used for the normal running costs of the academy. There is no limit on the GAG funds that can be carried forward.
- The Pupil Premium grant is used to address the educational needs of the students attracting this funding.
- Other DfE/ESFA grants are various specific grants provided to the academy from the ESFA.
- Other restricted funds include income and expenditure in relation to other specific grants from the Local Authority and other sources for specific educational projects.
- Donations and gifted assets mainly represent assets and capital grants gifted on conversion.

The trust is carrying a net surplus of £170,229 on restricted general funds (excluding pension reserve) and a net surplus of £321,027 on unrestricted funds.

Transfers between funds comprise the following:-

- Transfer of pension contributions from GAG to restricted pension reserve of £209,000.
- Transfer relating to fixed assets purchased using the PE grant from other DfE/ESFA Grants to the restricted fixed asset fund of £13,314.
- Transfer relating to fixed assets purchased using donations and non-government grants from other restricted funds to the restricted fixed asset fund of £10,939.
- Transfer relating fixed assets purchased using capital funds gifted on conversion to DfE/ESFA capital grants of £14,111.
- Transfer relating to fixed assets purchased using the GAG funding from GAG to the restricted fixed asset fund of £25,412.
- Transfer of DfE/ESFA capital funding used to repay Salix loans included within donations and gifted asset fund of £3,022.

**Avocet Academy Trust****Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)****17. Funds (continued)**

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

	Balance at 1 September 2018 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2019 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	78,159	3,212,611	(2,911,001)	(242,334)	137,435
Start-up grants	14,099	25,000	(39,099)	-	-
Other DfE/ESFA grants	46,700	524,869	(518,777)	(15,436)	37,356
Other restricted funds	7,538	305,103	(285,376)	(18,389)	8,876
Pension reserve	(723,000)	(217,000)	(312,000)	(347,000)	(1,599,000)
	<u>(576,504)</u>	<u>3,850,583</u>	<u>(4,066,253)</u>	<u>(623,159)</u>	<u>(1,415,333)</u>
<b>Restricted fixed asset funds</b>					
DfE/ESFA capital grants	553,924	(17,874)	(46,779)	13,925	503,196
Capital expenditure from GAG	12,966	-	(6,627)	44,334	50,673
Donations and gifted assets	9,434,200	3,507,884	(265,348)	19,900	12,696,636
Other capital funds	14,129	-	(9,020)	-	5,109
	<u>10,015,219</u>	<u>3,490,010</u>	<u>(327,774)</u>	<u>78,159</u>	<u>13,255,614</u>
<b>Total restricted funds</b>	<u>9,438,715</u>	<u>7,340,593</u>	<u>(4,394,027)</u>	<u>(545,000)</u>	<u>11,840,281</u>
<b>Total unrestricted funds</b>	<u>217,556</u>	<u>399,670</u>	<u>(300,229)</u>	<u>-</u>	<u>316,997</u>
<b>Total funds</b>	<u>9,656,271</u>	<u>7,740,263</u>	<u>(4,694,256)</u>	<u>(545,000)</u>	<u>12,157,278</u>

In 2018/19 the funds relating to the pupil premium grant were included within other DfE/ESFA grants.

**Avocet Academy Trust****Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)****17. Funds (continued)****Total funds analysis by academy**

Fund balances at 31 August 2020 were allocated as follows:

	2020 £	2019 £
Aldeburgh Primary School	106,141	85,469
Easton Primary School	94,481	82,301
Leiston Primary School	210,001	200,314
Saxmundham Primary School	98,722	127,929
Wickham Market Primary School	(38,026)	(47,902)
Central Services	19,937	52,553
Total before fixed assets and pension reserve	491,256	500,664
Restricted fixed asset fund	12,945,918	13,255,614
Pension reserve	(2,257,000)	(1,599,000)
<b>Total</b>	<b>11,180,174</b>	<b>12,157,278</b>

Wickham Market Primary School is carrying a net deficit of £38,025 (2019: £47,902) on these funds mainly because during 2019 their boiler stopping working and additional costs were incurred on call out charges, hiring a boiler, decommissioning the old boiler and using GAG funding to purchase a new boiler. The academy trust is taking the following action to return the academy to surplus:-

- Review of staffing and reduction of ongoing staffing costs
- Loan repayment plan in place

**Analysis of academies by cost**

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Dep'n & Amrt'n) £	Total 2020 £	Total 2019 £
Aldeburgh Primary School	369,766	18,337	13,340	94,579	496,022	455,706
Easton Primary School	288,955	23,011	9,872	93,781	415,619	417,489
Leiston Primary School	997,507	53,845	25,991	230,602	1,307,945	1,219,745
Saxmundham Primary School	1,040,548	63,079	26,927	216,151	1,346,705	1,049,609
Wickham Market Primary School	528,282	40,071	22,636	165,108	756,097	796,551
Central services	172,600	102,683	5,039	172,103	452,425	427,382
<b>Academy trust</b>	<b>3,397,658</b>	<b>301,026</b>	<b>103,805</b>	<b>972,324</b>	<b>4,774,813</b>	<b>4,366,482</b>

**Avocet Academy Trust****Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)****18 Analysis of net assets between funds**

Fund balances at 31 August 2020 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds 2020 £
Tangible fixed assets	-	-	13,065,214	13,065,214
Intangible fixed assets	-	-	8,251	8,251
Current assets	325,935	511,609	90,623	928,167
Current liabilities	(4,908)	(341,380)	(69,955)	(416,243)
Non-current liabilities	-	-	(148,215)	(148,215)
Pension scheme liability	-	(2,257,000)	-	(2,257,000)
<b>Total net assets/(liabilities)</b>	<b>321,027</b>	<b>(2,086,771)</b>	<b>12,945,918</b>	<b>11,180,174</b>

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

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds 2019 £
Tangible fixed assets	-	-	13,272,941	13,272,941
Intangible fixed assets	-	-	3,033	3,033
Current assets	357,587	543,343	130,024	1,030,954
Current liabilities	(40,590)	(359,626)	(93,784)	(494,050)
Non-current liabilities	-	-	(56,600)	(56,600)
Pension scheme liability	-	(1,599,000)	-	(1,599,000)
<b>Total net assets/(liabilities)</b>	<b>316,997</b>	<b>(1,415,333)</b>	<b>13,255,278</b>	<b>12,157,278</b>

**19 Capital commitments**

	2020 £	2019 £
Contracted for, but not provided in the financial statements	-	35,489
	-	35,489

**20 Commitments under operating leases**

At 31 August 2020 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2020 £	2019 £
Amounts due within one year	21,514	20,735
Amounts due between one and five years	34,663	53,940
Amounts due after five years	-	-
	<b>56,177</b>	<b>74,675</b>

The total amount of lease payments recognised as an expense in the year to 31<sup>st</sup> August 2020 was £21,416 (2019: £20,735).

**Avocet Academy Trust****Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)****21 Contingent Liabilities**

The academy had no contingent liabilities at the year end.

**22 Members' Liability**

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

**23 Reconciliation of net (expenditure)/income to net cash flow from operating activities**

	2020 £	2019 £
Net (expenditure)/income for the year as per the statement of financial activities	(515,104)	3,046,007
Adjusted for:		
Amortisation [note 12]	2,176	2,707
Depreciation [note 13]	353,024	322,385
Loss on disposal of fixed assets	-	2,682
Capital grants from DfE/ESFA and other capital income	4,161	17,874
Fixed Assets transferred from Local Authorities	-	(3,500,000)
Pension scheme deficit transferred in	-	217,000
Cash transferred from Local Authorities	-	(109,215)
Interest receivable [note 5]	(303)	(245)
Defined benefit pension scheme cost less contributions payable (note 28)	164,000	88,000
Defined benefit pension scheme cost (note 28)	32,000	26,000
Decrease in stocks	-	800
Decrease in debtors	41,623	(61,181)
Increase in creditors	(50,410)	129,500
<b>Net cash provided by operating activities</b>	<b>31,167</b>	<b>182,314</b>

**24 Cash flows from investing activities**

	2020 £	2019 £
Bank interest	303	245
Purchase of tangible fixed assets	(177,854)	(304,433)
Purchase of intangible fixed assets	(7,394)	-
Capital grants from DfE/ESFA	30,202	47,544
<b>Net cash outflow from investing activities</b>	<b>(154,743)</b>	<b>(256,644)</b>

**25 Cash flows from financing activities**

	2020 £	2019 £
New loans	68,802	55,051
Repayment of Salix loans	(6,390)	(6,390)
<b>Net cash from financing activities</b>	<b>62,412</b>	<b>48,661</b>

**Avocet Academy Trust****Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)****26 Analysis of Cash and Cash Equivalents**

	2020 £	2019 £
Cash at bank	667,345	728,812
Notice deposits (less than 3 months)	101,390	101,087
<b>Cash and cash equivalents at 31 August</b>	<b>768,735</b>	<b>829,899</b>

**27 Analysis of changes in net debt**

	At 1 September 2019 £	Cash flows £	Grant conversion to loan £	Other non- cash changes £	At 31 August 2020 £
Cash at bank	728,812	(61,467)	-	-	667,345
Notice deposits	101,087	303	-	-	101,390
	<b>829,899</b>	<b>(61,164)</b>	<b>-</b>	<b>-</b>	<b>768,735</b>
Loans falling due within one year	15,650	(6,390)	-	11,550	20,810
Loans falling due after more than one year	56,600	68,802	34,363	(11,550)	148,215
	<b>72,250</b>	<b>62,412</b>	<b>34,363</b>	<b>-</b>	<b>169,025</b>
<b>Total</b>	<b>902,149</b>	<b>1,248</b>	<b>34,363</b>	<b>-</b>	<b>937,760</b>

**28 Pension and similar obligations**

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

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

Contributions amounting to £70,750 (2019: £58,880) were payable to the schemes at 31 August 2020 and are included within creditors.

**Teachers' Pension Scheme****Introduction**

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

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

**Avocet Academy Trust****Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)****28. Pension and similar obligations (continued)****Teachers' Pension Scheme (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 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £380,096 (2019: £247,910).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £257,000 (2019: £241,000), of which employer's contributions totalled £209,000 (2019: £198,000) and employees' contributions totalled £48,000 (2019: £46,000). The agreed contribution rates for future years are 27% for employers and between 5.5% and 12.5% for employees dependant on the salary of individuals.

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

**Principal Actuarial Assumptions**

	<b>At 31 August 2020</b>	<b>At 31 August 2019</b>
Rate of increase in salaries	2.90%	2.60%
Rate of increase for pensions in payment / inflation	2.20%	2.30%
Discount rate for scheme liabilities	1.70%	1.90%



**Avocet Academy Trust****Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)****28. Pension and similar obligations (continued)****Local Government Pension Scheme (continued)**

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

<b>Changes in assumptions at 31 August 2020</b>	<b>Approximate % increase to Employer Liability</b>	<b>Approximate monetary amount (£000)</b>
0.5% decrease in Real Discount Rate	12%	552
1 year increase in Member Life Expectancy	3%-5%	137 -228
0.5% increase in the Salary Increase Rate	1%	47
0.5% increase in the Pension Increase Rate	11%	497

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

	<b>At 31 August 2020</b>	<b>At 31 August 2019</b>
<i>Retiring today</i>		
Males	21.9	21.3
Females	24.1	23.5
<i>Retiring in 20 years</i>		
Males	22.7	22.3
Females	25.6	24.9

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

	<b>Fair value at 31 August 2020 £</b>	<b>Fair value at 31 August 2019 £</b>
Equities	1,358,000	979,000
Bonds	599,000	529,000
Property	207,000	431,000
Cash	138,000	20,000
	<u>2,302,000</u>	<u>1,959,000</u>

The actual return on scheme assets was 0.1% (2019: 5.2%)

**Amounts recognised in the statement of financial activities**

	<b>2020 £</b>	<b>2019 £</b>
Current service cost (net of employee contributions)	373,000	286,000
Net interest cost	32,000	26,000
<b>Total operating charge</b>	<u>405,000</u>	<u>312,000</u>

**Avocet Academy Trust****Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)****28. Pension and similar obligations (continued)****Local Government Pension Scheme (continued)****Movements in the present value of defined benefit obligations were as follows:**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>At 1 September</b>	3,557,000	1,839,000
Upon conversion	-	718,000
Current service cost	373,000	272,000
Past service cost	-	14,000
Interest cost	71,000	72,000
Employee contributions	48,000	43,000
Actuarial loss/(gain)	538,000	602,000
Benefits paid	(28,000)	(3,000)
<b>At 31 August</b>	<u>4,559,000</u>	<u>3,557,000</u>

**Movements in the fair value of Academy's share of scheme assets:**

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>At 1 September</b>	1,958,000	1,116,000
Upon conversion	-	501,000
Interest Income	39,000	46,000
Return on plan assets (excluding net interest on the net defined pension liability)	76,000	57,000
Employer contributions	209,000	198,000
Employee contributions	48,000	43,000
Benefits paid	(28,000)	(3,000)
<b>At 31 August</b>	<u>2,302,000</u>	<u>1,958,000</u>

## Avocet Academy Trust

### Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

#### 29 Related Party Transactions

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

##### Expenditure related party transaction

Resilient Leaders Elements Ltd is a company Jeremy Mead (a Trustee of the Academy Trust) is a 50% shareholder.

- The Academy Trust purchased a development of Resilient Leadership programme from Resilient Leaders Elements Ltd totalling £3,420 (2019: £nil) during the year. There were no amounts outstanding at 31 August 2020 (2019: £nil).
- The element above £2,500 has been provided 'at no more than cost' and Resilient Leaders Elements Ltd has provided a statement of assurance confirming this.
- The Academy Trust considered the proposal after receiving quotes in accordance with its financial regulations and careful consideration by the Trustees without Jeremy Mead being present during the Year Ended 31 August 2017. This process was not considered necessary for the period in question due to the process which took place during 2017 as this expenditure is a continuation of that Resilient Leadership programme.

H Norman, spouse of S Norman, a trustee, is employed by the academy trust as a teacher. H Norman's appointment was made in open competition before S Norman was a Trustee and therefore S Norman was not involved in the decision-making process regarding appointment. H Norman is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a trustee.

N Legh-Smith, spouse of J Legh-Smith, a trustee, is employed by the academy trust as the compliance officer. N Legh-Smith's appointment was made in open competition before J Legh-Smith was a Trustee and therefore J Legh-Smith was not involved in the decision-making process regarding appointment. N Legh-Smith is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a trustee.

#### 30 Connected charities

During the accounting period the Academy Trust was connected to the following charities;

- The Easton Primary School Association. This registered charity was established to advance the education of the pupils at Easton primary school.
- As at 30 September 2020 this charity's net assets/funds stood at £6,273 (2019: £5,901). Gross income for the period was £2,388 (2019: £4,378) and expenditure was £2,016 (2019: £3,272) leading to a surplus of £372 (2019:£1,106) in the period.

