

**Company Registration Number: 09299975** (England and Wales)

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**



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

**CONTENTS**

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	Page
<b>Reference and Administrative Details</b>	<b>1 - 2</b>
<b>Trustees' Report</b>	<b>3 - 20</b>
<b>Governance Statement</b>	<b>21 - 24</b>
<b>Statement on Regularity, Propriety and Compliance</b>	<b>25</b>
<b>Statement of Trustees' Responsibilities</b>	<b>26</b>
<b>Independent Auditors' Report on the Financial Statements</b>	<b>27 - 29</b>
<b>Independent Reporting Accountant's Report on Regularity</b>	<b>30 - 31</b>
<b>Statement of Financial Activities Incorporating Income and Expenditure Account</b>	<b>32</b>
<b>Balance Sheet</b>	<b>33</b>
<b>Statement of Cash Flows</b>	<b>34</b>
<b>Notes to the Financial Statements</b>	<b>35 - 65</b>

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

**REFERENCE AND ADMINISTRATIVE DETAILS**

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<b>Members</b>	T Stephens C Hawkins G Jones J Ravenscroft
<b>Trustees</b>	W Burridge <sup>3</sup> Revd. Preb. R Carlton, Vice Chair of Trustees <sup>3</sup> A Simmonds (appointed 10 February 2020) A de Burgh (resigned 7 December 2019) <sup>1</sup> M Freeman (appointed 23 September 2019) <sup>3</sup> D Hands (appointed 23 September 2019) <sup>2</sup> M Harbour (appointed 23 September 2019) <sup>3</sup> A Hines (appointed 23 September 2019) <sup>3</sup> K Turpin <sup>1,2</sup> G Jones, Chair of Trustees <sup>1</sup> C Knight (appointed 23 September 2019) <sup>2</sup> S Kings (appointed 23 September 2019) <sup>1,2,3</sup> A Medhurst <sup>1,2</sup>  <sup>1</sup> Finance & Resources <sup>2</sup> Audit & Risk <sup>3</sup> Curriculum, Performance & Standards
<b>Company registered number</b>	09299975
<b>Company name</b>	Bay Education Trust
<b>Principal and registered office</b>	Paignton Academy Borough Road Paignton England TQ4 7DH
<b>Company secretary</b>	L Finn
<b>Accounting officer</b>	S Kings
<b>Senior management team</b>	S Kings, CEO M Smith, Head Teacher (Paignton Academy) A Freeman, Deputy Head Teacher (Paignton Academy) J Humphrey, Executive Head Teacher (Kings Ash Academy and Curledge Street Academy) V Carter, Head of School (Curledge Street Academy) L Kies, Head of School (Kings Ash Academy) L Finn, Chief Finance Officer C Blagdon, Chief Operating Officer P Garside, Human Resources Manager

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

**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**Independent auditors**      Bishop Fleming LLP  
Chartered Accountants  
Statutory Auditors  
2nd Floor Stratus House  
Emperor Way  
Exeter Business Park  
Exeter  
EX1 3QS

**Solicitors**                      Michelmores LLP  
Woodwater House  
Pynes Hill  
Exeter  
Devon  
EX2 5WR

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

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 AUGUST 2020**

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The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2020. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates 2 primary and 1 secondary academy in Paignton, Devon. Its academies have a combined pupil capacity of 2,483 (incl 2, 3 and 4 year olds in nursery provision) and had a roll of 2,293 in the school census on 1 October 2019.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

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 Trustees of Bay Education Trust are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on pages 1 to 2.

The Academy Trust is a company limited by guarantee (No: 9299975) and an exempt charity. The charitable company was incorporated on 7th November 2014. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Trust.

The Trustees are also Trustees for the charitable activities of the Trust and are also the Trustees of the charitable company for the purpose of company law. The charitable company is known as Bay Education Trust.

Details of the Trustees who serve throughout the 2019/20 year are included on the Reference and Administrative Details on pages 1 to 2.

**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 Trust Member, or within one year after they cease to be a Trust Member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a Trust Member.

**Trade union facility time  
Relevant union officials**

Number of employees who were relevant union officials during the year	2
Full-time equivalent employee number	2

**Percentage of time spent on facility time**

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

Percentage of pay bill spent on facility time	£000
Total cost of facility time	1,050
Total pay bill	11,485,342

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

**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2020**

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Percentage of total pay bill spent on facility time - %

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours - %

**Trustees' Indemnities**

Trustees benefit from indemnity insurance purchase at the Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust. Any such insurance shall not extend to any claim arising from an act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the reckless disregard to whether it was a breach of trust or breach of duty or not and also that any such insurance shall not extend to the costs of unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Trustees of the Trust. The limit of this indemnity is unlimited other than for libel and slander where the limit is £500,000.

**TRUSTEES**

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

The Academy's Board of Trustees comprises of up to twelve Trustees. The recruitment of Trustees is set out in the Articles of Association. The Members may appoint up to twelve Trustees including the Chief Executive Officer.

The Members appoint Trustees through such process as they determine, to ensure a broad range of complementary skills to further the aims of the Trust. The term of office of a Trustee is four years but this will not apply to the Chief Executive Officer. There is no limit to the number of times a Trustee can be re appointed or re elected.

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

The training and induction provided for new Trustees depends upon their existing experience. If necessary, induction will provide training on charity, educational, legal and financial matters. All Trustees are required to complete the following:

DBS check  
Self-declaration forms  
Related parties and additional Trustee's details forms.

Training is arranged to ensure Trustees are familiar with topics such as analysing academy data, health and safety, risk management and child protection. All new Trustees are encouraged to visit the Trust academies and to take the opportunity to meet with staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, educational data, budgets, plans and other documents that they will need to undertake their role as Trustees. The Trust subscribes to Academy specific training courses for Trustees ensuring that they are clear about their roles and responsibilities.

**Organisational Structure**

The Board of Trustees meets up to 8 times per year. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescales.

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

**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2020**

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As of 31st August 2020, Bay Education Trust Board had 4 (1 vacancy) Members and 11 Trustees (Chair is both Member and Trustee as per Articles of Association). As a Board they are responsible for:

- Providing strategic direction to the Trust
- Providing support for school improvement across the Trust
- Monitoring the budget delivery and ensuring financial accountability across the Trust is secure.
- Holding the Executive Headteacher and Heads of School to account for delivery of objectives and pupil outcomes.
- Holding the Chief Executive Officer to account for performance across the Trust
- Compliance and implementation of the Health and Safety Policy
- Safeguarding across the Trust

The Trust Board affects some of these functions through sub committees of the Board and will periodically review the number and nature of these sub committees. The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

**Bay Education Trust Governance Structure – Committees**

The Board of Trustees has reviewed and approved an updated version of the scheme of delegation that devolves roles to Board sub committees and the individual Trust academy Executive Headteacher and Heads of School.

There are 3 committees as follows;

- Finance and Resources Committee - this meets at least four times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, and drafting the annual budget including setting staffing levels.
- Audit and Risk – This meets at least three times a year. Its purpose is to assist the decision making of the Board of Directors, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Directors' responsibility for risk management of the Trust's finances and resources, including proper planning, monitoring and probity in order to achieve best value for the Trust. This subcommittee also has the role of Audit Committee where all internal audit and external audit matters are presented and discussed. It also receives reports from the Responsible Officer/internal audit.
- Curriculum Performance and Standards – this meets at least 6 times a year and is responsible for the monitoring, evaluation and reviewing teaching and learning. It also takes a strategic overview of curriculum, quality and standards throughout the Trust and ensures that the Trust works to raise standards in teaching and learning and student achievement.

The effective day to day running of each academy is delegated to the Executive Headteacher for the 2 primaries, the Head of School for the Secondary school and their senior leadership teams. They are responsible for the appointment of staff, through appointment panels for teaching posts which usually include a Board Trustee.

The Chief Executive is the Accounting Officer.

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

The Trustees consider that the Board of Trustees and the senior leadership team comprise the key management personnel of each Academy are in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually and normally increased in accordance with average earnings.

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

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

The Trust adopted the School Teachers Pay and Conditions 2019/20 for the setting of teachers pay, together with the recommendations of the National Joint Council relating to pay awards for all support staff. The Torbay Council Job Evaluation scheme is used to determine pay grades for support staff. Remuneration of Key Management Personnel is determined annually by the Pay and Rewards Committee of the Trust Board.

**Connected Organisations, including Related Party Relationships**

Register of Business Interests			
Members			
Surname	Forename	Business Interests/Charity trusteeships	Related Parties Interest
Jones	Gavin	Business : Gavin Jones Consultancy Director: The Contraptioneers Ltd Director: PubCo (to be registered as Ltd) Director: MPC Roofing Contractors Ltd (ceasing relationship) Director/School Governor : Aspire MAT	Wife - Gavin Jones Consultancy
Hayes	Keith	None	None
Ravenscroft	Judy	Business/Director/Company Secretary : JP Ravenscroft and Co Ltd Charity: Future Health Africa Governor: South Devon College	None
Simmonds*	Andrew	Director: McIlroy Smith Ltd Director: Andy Simmonds Ltd Director: Capture Investments Ltd Director: The Swim Bike Run Academy Ltd Charity: Round Table Children's Wish	None
Stephens	Tim	Business: Business Manager at Acorns Preschool Governor: Chair of Board at Coast Academies	None



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

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

Trustees			
Surname	Forename	Business Interests/Charity trusteeships	Related Parties Interest
Burridge	Wendy	Charity : Foxhole Community Association (Trustee and Secretary) Chair : Sanctuary Housing Association Scrutiny Panel (to Feb 2021)	Grandchildren: List held with PA to the BET Board Family members linked with Foxhole Community Association
Carlton	Roger	Vicar of Paignton Company Directorship: Outlook Charity Shop Trusteeship: Tranquility House Trust, Paignton Parish Charity, The Haven Torbay, Paignton PFF, Mount Kelly Foundation Trust Governor : Mount Kelly - Tavistock (2010)	n/a
Freeman	Mike	None	None
Hands	Debbie	Employment: Bluebird Care, Torbay and South Hams	None
Harbour	Matt	Business: Deputy CEO and Vice Principal at South Devon College Trustee: Torbay Culture Board Other: Chair HoSW LET - Enterprise Advisor Network Steering Group	None
Hines	Anne	None	None
Kings	Stephen	Employment: CEO Bay Education Trust  Charity : Wild Planet Trust	None
Knight	Caroline	Employment: Lecturer, South Devon College	None
Medhurst	Andrew	Director: 200 Squadron Air Training Corps (Chair and Treasurer) Director: Torquay Athletic Rugby Football Club (Secretary and Finance Director) Director: TBGS Charitable Trust (Hon Secretary, Hon Treasurer)	Daughter - PA BET Board
Turpin	Katie	Employment/Director/Owner: CV Check Ltd (since 1999)	n/a

**Engagement with employees (including disabled persons)**

The Trust engages with their employees through many means and methods, including:

- Consulting with employees on key matters, including engaging the relevant union officials
- Regular updates to all staff members, via termly updates and newsletters, including covering both financial and non-financial performance

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

In line with The Companies (Miscellaneous Reporting) Regulations 2018 the Trust has regard to the need to foster a transparent business relationship with suppliers, parents, service users, the ESFA and the wider community and will ensure that it acknowledges the effect of that regard including on the principal decisions

taken by the Trust during the financial year. Furthermore the Trust has fully complied with Cabinet Office Procurement Policy Note 02/20 issued in March 2020 ensuring service continuity during and after the current COVID19 outbreak. We have ensured that all suppliers have received payments in line with existing contracts ensuring that these suppliers are in a strong position to resume normal contract delivery once the outbreak is over.

## **OBJECTIVES AND ACTIVITIES**

### **Objects and Aims**

The objectives of Bay Education Trust are to provide our young people with an inspirational and exceptional quality education from ages 2 to 16 extending to 22 over the longer term.

**We strongly adhere to the Nolan 7 Principles of Public Life:**

1. Selflessness
2. Integrity
3. Objectivity
4. Accountability
5. Openness
6. Honesty
7. Leadership

### **Our Mission**

- Our learners will be the centre of all we do. They will be empowered and inspired to become successful lifelong learners who are resilient, active and responsible citizens.
- Our employees and partners are determined to be the best they can. We will invest in them in order that they will develop as high quality and valued members of staff.
- Our Trust will be relentlessly focussed on school improvement, valuing all, sharing collective expertise and celebrating success. We will judge our success on raising pupil standards and outcomes

### **Our Values**

Are founded on:

### **Openness and Integrity:**

We will uphold the highest moral values working with honesty, trust and integrity.

### **Inclusivity and Respect:**

We will strive to serve every young person, their families and the needs of the whole community. We will be child centred and inclusive valuing every individual learner.

### **Co-operation and Accountability:**

We will work in true partnership through a collaborative approach driving the highest standards for all.

### **Empowering and Inspiring:**

We will seek to achieve consistent teaching and learning across all our schools, inspiring our young people to learn, aspire and achieve.

## **Objectives, Strategies and Activities**

### **Our Strategic Actions**

1. Vision, Culture and Ethos
2. People and Partners
3. Teaching and Learning
4. Curriculum and Assessment
5. Quality Assurance and Accountability
6. Leadership and Management

## **Key Performance Indicators**

We will constantly judge ourselves by our progress towards:

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

**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2020**

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- All children making at least expected progress and more of them to achieve better than expected progress
- Eliminating the gap between advantaged and non advantaged pupils
- 100% of teaching being judged as good or better
- Pupil attendance at the national average or better
- All pupils achieving positive post school transition
- Our budget relentlessly focussing on pupil outcomes
- Pupil numbers being at those predicted in our 5 year financial plan in all three academies

**Public Benefit**

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

The Trustees confirm that they have complied with the duty in Section 17(5) of Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

**STRATEGIC REPORT**

**Achievements and Performance**

**COVID-19**

As for all schools and trusts, 2019/20 and in particular from March 23rd 2020, has been extremely challenging for the staff and pupils at Bay Education Trust. Most pupils ceased to attend our academies from March 23rd, however, vulnerable and key worker children continued to attend throughout the national lockdown including holidays. Staff set work throughout the entire period for pupils and all families were contacted on a regular basis by our teachers and support teams. We received many thanks from parents and families for the work carried out. Paignton Academy was used as a centre for distributing over 1000 food parcels from several charities. The Trust planned meticulously for the return of its pupils full time in September. Risk assessments were detailed, consulted upon and effectively implemented. Staff well being was very much at the forefront of our leaders and support was offered throughout the period from March until September.

The Trustees have reviewed the activities undertaken by the charitable company during the current year of operation to further its charitable purposes for the public benefit. Below is a summary of those significant activities.

**Strategic Aims**

The Boards 3 key Strategic Aims to be completed by 2021 are:

- Consistently improved pupil outcomes that result in all 3 Academies being judged 'Good' by Ofsted
- Our finances to be stable and in annual surplus by August 2021 and the overall deficit to have been completely removed by 2022
- Our premises and buildings to be 'fit for purpose' to enable all our students to receive an outstanding education that prepares them for life into the mid c21st

**Key Achievements**

- The completion of 2 Condition Improvement Fund bids at a total value of £4.2m on the Secondary Academy sites
- In partnership with the local authority the building of a new £1.8m mathematics block of classrooms
- At least 10 premises improvement projects across all sites
- A strong and resilient Board of Trustees
- Trust wide working and managing of budgets to achieve economies of scale and efficiencies
- Improving Primary and Secondary Academy pupil standards

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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- Pupil numbers on roll increasing particularly at Paignton Academy
- Continuing to forge strong ties with our local community
- Continued growth of our nursery provision in both primary schools
- The centralising of Sites, Building and Estates across all academies
- Large scale investment in ICT network and cabling particularly at Paignton Academy
- A lowering of the overall deficit by 2020 with a forecast of a small surplus by 2022
- Continuing to work closely in partnership with South Devon College, the Local Authority, the RSC, DfE, ESFA and our local Trusts particularly Coast and Riviera

**Academy Overview**

**PAIGNTON ACADEMY (Secondary)**

Paignton Academy is a secondary 11 to 16 twin site academy in Devon. From the October 2020 census the school has 1409 on roll but with significant transient movement of pupils during the year.

The population of secondary school children reduced due to the demographic changes over the past 10 years but is now on the increase with the Year 7 intake for future years being forecast at up to 360. The academy has raised its planned admission number (PAN) to 330+ to allow for a further increase in numbers.

Paignton is one of nine secondary schools in Torbay, three of which are Grammar Schools. The percentage of British children whose first language is English is 98% and well above national average, as is the percentage of disadvantaged pupils and pupils with special needs.

New pupils are admitted to the academy most weeks, giving a significant number of transient pupils across all year groups. The percentage of High Band pupils is much lower than the national average because of the three Grammar Schools in Torbay.

The Academy has maintained its reputation of sports, playing a key role in supporting young people's healthy lifestyles and community sporting activities.

Paignton Academy is within walking distance of the two primary schools which are part of the Trust.

**OFSTED**

The Academy was inspected by Ofsted on 8th and 9th November 2016. The inspection team deemed the Academy to be GOOD in every aspect of the inspection.

Effectiveness of leadership and management – Good

Quality of teaching, learning and assessment – Good

Personal development, behaviour and welfare – Good

Outcomes for pupils – Good

16 to 19 study programmes – Good

**CURLIDGE STREET ACADEMY (Primary)**

Curlidge Street is a larger than average primary academy, including a nursery for children 2 to 11. From the October 2020 pupil census it has 470 pupils on roll (414 and 56 in nursery) and a significant transient population of pupils with high numbers of disadvantaged pupils who live in some of the most deprived wards in Torbay and in England.

Curlidge Street has successfully planned and implemented 2 year old provision which began in September 2016, which is over subscribed. Our 3 year old provision is also over subscribed. It is a school which is very inclusive having a high number of children with special educational needs for whom it provides an excellent education.

Despite Victorian buildings and limited outdoor space it promotes sport and healthy lifestyles linking well with the secondary academy that is just a short walk away.

**OFSTED**

On 6th March 2018, the academy was subject to an interim inspection by Ofsted, who judged that the school continues to be GOOD.

Overall effectiveness – Good

Achievement of Pupils – Good

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

**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2020**

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Quality of teaching – Good  
Behaviour and Safety of Pupils – Good  
Leadership and Management – Good

**KINGS ASH ACADEMY (Primary)**

Kings Ash is a primary academy for children 2 to 11 years. It has a significant transient population of pupils and high numbers of disadvantaged pupils many of whom live in wards with high levels of deprivation. There are a high number of children with additional educational needs. From the October 2020 census the school currently had 412 pupils on roll (359 and 53 in nursery).

Kings Ash has successfully planned and implemented 2 year old provision which began in the summer term 2016. Attendance at this new provision continues to grow and is nearly at full capacity.

The Academy is housed in relatively new accommodation which was built following the amalgamation of the previous Foxhole nursery and primary school. The Academy makes good use of the facilities available to its pupils at the secondary academy.

**OFSTED**

On 21st/22nd March 2019 the academy was subject to a full inspection. Its overall effectiveness was deemed as Requiring Improvement.

Effectiveness of leadership and management – Good  
Quality of teaching, learning and assessment – Requires Improvement  
Personal development, behaviour and welfare – Good  
Outcomes for pupils – Requires Improvement  
Early years provision – Good

On November 2019 the academy received a section 8 monitoring inspection. The final report made many positive statements about the progress that academy had made since the new senior management had taken over in January 2018. Examples:

'...leadership team continue to work with strong resolve to improve the school's work.'  
'You (Executive Headteacher) and the head of school are unequivocally ambitious for what pupils can achieve.'  
'Early years continues to be a strength of the school.'

The Academy expected a further section 5 inspection during 2019/20 but this failed to materialise due to the COVID-19 pandemic.

The Academy received a further Section 8 inspection on October 1st 2020.

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

**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2020**

**Pupil Numbers Across all 3 Academies from Pupil Census**

	<b>October 2016</b>	<b>October 2017</b>	<b>October 2018</b>	<b>October 2019</b>	<b>October 2020</b>
Paignton Academy (11-19 years)	1331	1325	1337	1374	1409
Curledge Street Academy (2-11 years)	415	505	486	487	470
Kings Ash Academy (2-11 years)	344	419	436	432	412
<b>Totals</b>	<b>2,090</b>	<b>2,249</b>	<b>2,259</b>	<b>2,293</b>	<b>2,291</b>

Other key performance indicators include:-

	<b>2020</b>	<b>2019</b>
Total Income per Pupil	£6,118	£5,736
Pay Creditors within 30 days	77%	98%
Pay Creditors within 60 days	92%	1%
Continue to reduce the Cumulative Deficit by August 2022	£165k deficit	£287k deficit
Total GAG income per pupil	£4,516	£4,414
GAG income ratio of total income	74%	77%
Total expenditure per pupil excluding depreciation	£6,592	£6,260
Staff costs per pupil	£5,295	£5,082
Staff costs as a % of total costs	80%	81%
Staff costs as a % of total income	87%	89%
Pupil teacher ratio (average head count)	21	22

**Going Concern**

The Board of Trustees is pleased with the decrease in the overall deficit on uncommitted reserves and has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. It anticipates that the deficit will be removed entirely by 2021 or 2022. The COVID-19 crisis has made budget prediction very difficult but the trustees are confident that the deficit will be removed by 2022 at the latest unless there are further at present unknown financial constraints.

**What have we done?**

The Chair, CEO and CFO took up their posts at Bay Education Trust in April 2017.

Throughout the rest of 2017/18 three new members and seven new Trustees were added to the Board. In August 2020 the Board consisted of four Members and eleven Trustees. A trustee will be a member, as of November 2020, but there is still a need to recruit a further trustee.

During the rest of 2017/18 the Trust experienced financial problems. After careful analysis by the CEO and CFO the decision was taken to close the Paignton Academy (PA) 6th Form as numbers were declining and it was proving to be a financial drain on the Trust.

This was impossible to action immediately as it needed a 2 year lead in but courses were ended, where possible contracts with outside providers were terminated and staffing reduced. A new post 16 partnership was negotiated with South Devon College and this partnership continues to flourish, is cost effective and the vice Principal of South Devon College is one of our Trustees.

For setting the budget for 2019/20 it was difficult to fully integrate curriculum and financial planning although where possible this was done. The Board took many difficult decisions to ensure that the deficit was initially stabilised and was then successfully reduced during 2019/20, however, it did not increase class sizes and has

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

**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2020**

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continued to offer pupils a broad and balanced curriculum in all its academies. Working with the ESFA the Board commissioned an inspection by a Schools Resource Management Adviser. His report commented favourably on the progress made by the Trust in lowering its deficit and had the direct effect of the ESFA removing the FNTI in June 2020.

The Board has placed the highest priority on improving pupil standards in all its schools. This has proved to be very challenging owing to the financial constraints of the FNTI and the need to reduce and then eliminate the deficit it inherited in 2017. Much consolidation has taken place and many efficiencies implemented. The Board considers that it has managed conflicting demands successfully as the deficit has been reduced whilst pupil standards have improved. 2019/20 was a very positive year for the Trust. Our 2018-2021 strategic plan is on course to be successfully completed. It was reviewed and updated in August 2020 at a Trustee strategy day. The plan is working towards delivering our key strategic aims. A further Strategic Vision 2021-2026 is being discussed by the Board to be put in place once the current plan has been completed in 2021.

**Condition Improvement Fund Bids (CIF)**

The Board inherited some very poor building stock, particularly at Paignton Academy. Two CIF bids totalling £4.2 million were submitted in December 2017. Both bids were successful and each project was completed on time and on budget. Further CIF bids were submitted in December 2019 to improve the premises at Curledge Street and Paignton Academy Borough Road site. Unfortunately, the Paignton Academy bid was unsuccessful, however, the much smaller Curledge Street bid was successful. The Trust Board has proved that it has a very firm grasp on the financial management of both revenue and capital budgets.

**Paignton Academy Twin Sites**

The Academy was approached by the local authority to expand its PAN due to extra pupils transferring from primary to secondary education within Torbay. The Trust agreed as long as extra permanent accommodation was provided. A new Mathematics block has been built and which was handed to the academy in September 2020. Due to the increase in numbers attending Paignton Academy both Waterleat Road and Borough Road sites now educate the full years 7-11 age range. This restructure has been handled well and both sites are operating effectively.

**Bay Education Trust Audited Accounts 2014 – 2019**

When studying the table below it can be clearly seen that the audited accounts between 2014 and August 2017 demonstrate a continued and accelerating financial loss across the Trust other than at Curledge Street Academy both for in year and accumulated deficits. This downward spiral was arrested during 2017/18 by the actions taken by the Trust. Effective cost efficiency measures have been taken without damaging the education of the pupils at the Trust. The Board will continue to act in the future to bear down on costs in order to eliminate the historic deficit as quickly as possible whilst maintaining the highest standard of education for its pupils.

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

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**Historical Trend of Cumulative Deficits and Surpluses across the Trust**

<b>Academy</b>	<b>Carry Forward Nov 2014</b>	<b>Carry Forward 2014/15</b>	<b>Carry Forward 2015/16</b>	<b>Carry Forward 2016/17</b>	<b>Carry Forward 2017/18</b>	<b>Carry Forward 2018/19</b>	<b>Carry Forward 2019/20</b>
	£	£	£	£	£	£	£
<b>PA</b>	278k deficit	475k deficit	326k deficit	502k deficit	315k deficit	184k deficit	129k deficit
<b>KAA</b>	Not broken down	451k surplus	108k surplus	23k surplus	224k deficit	205k deficit	166k deficit
<b>CSA</b>	Not broken down	158k surplus	96k surplus	101k surplus	163k surplus	91k surplus	119k surplus
<b>Head Office</b>	0	39k deficit	8k surplus	51k deficit	62k deficit	11k surplus	11k surplus
<b>Trust-wide</b>	525k surplus	95k surplus	114k deficit	429k deficit	438k deficit	287k deficit	165k deficit
<b>In-year Trust-wide Position</b>		430k deficit	219k deficit	315k deficit	9k deficit	151k surplus	122k surplus

In order to achieve greater financial stability the Board has taken the following actions to address the issues that it faced during the last three years:

- The small uneconomic 6th Form at PA was closed. A close partnership has been established with South Devon College
- The Trust has looked to outside support to ensure that best practice is applied to its core mission of educating its pupils to the highest possible standards
- An integrated financial and curriculum review was carried out at Paignton Academy and its recommendations continue to be implemented during 2018/2021 with a further review in December 2020.
- Further cost effective measures have been taken to ensure that all schools had been kept within budget during 2019/20.
- The Trust has successfully bid for two Condition Improvement Fund (CIF) projects from the DfE worth a total of £4.2 million. Both projects have been completed during 2019/20.
- All budgets during 2019/20 have been effectively managed and the overall deficit for the Trust has been reduced by £122k and it is forecast that it will be eliminated by August 2022
- One of many challenges faced by the Trust has been the dilapidated condition of much of its building stock. Much work has been done to improve things but this has been a huge challenge due to the need to reduce and remove the deficit inherited in 2017
- Leadership within the Trust's primary schools was successfully re structured. Pupil standards are positive at both Kings Ash and Curledge Street.
- Curledge Street received a 'Good' Ofsted report in March 2018
- Kings Ash although still has a 'requires improvement' grade received a strong and positive section 8 Ofsted report in November 2019.
- The Trust has rationalised its procurement procedures and is now securing more cost effective, Trust wide contractual arrangements
- The Trust continues to successfully implement its 3 year Strategic Plan 2018 2021



**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**FINANCIAL REVIEW**

**Financial Review**

This has been a challenging year financially for the Academy Trust, with two of the three schools the year with a deficit reserve position, however by the year end the 2 school deficits have reduced culminating with a Trustwide in-year underspend of £122k reducing the cumulative deficit to £165k overall.

Through the budgeting and planning process for 2019/20, two schools set a break even budget and one has set a surplus budget. For 2019/20 as part of the longer term strategy to clear the overall Trust deficit by August 2021.

As a result of increasing budget pressure and cash flow concerns the Academy Trust self referred to the ESFA in September 2017. This culminated in the Academy Trust receiving a Financial Notice to Improve (FNTI) from the Department for Education on 23rd February 2018. The Board took many difficult decisions to ensure that the deficit was initially stabilised and was then successfully reduced during 2019/20. Working with the ESFA the Board commissioned an inspection by a Schools Resource Management Adviser. His report commented favourably on the progress made by the Trust in lowering its deficit and had the direct effect of the ESFA removing the FNTI in June 2020. The conditions of lifting the FNTI and the action taken by the Trust are laid out below:

**Condition**

Commission external reviews into governance and financial management to be completed by 27th April 2018. This must include a review of the operational effectiveness of the Trust Head Office and governance skills audit. The Trust should compile an action plan based on the findings of the external reviews to provide a framework for the Trust to work through and implement the required changes to ensure compliance and effective governance and financial management.

**Action Taken**

An external review of governance and financial management was commissioned and actions taken to meet the agreed recommendations. Annual Trustee 'Away Days' were held in July 2018 and 2019 whose focus was on School Funding, how budgets are built, their governance role and Academy Handbook list of 'Musts'.

**Condition**

Deliver a report on Integrated Curriculum and Financial Planning by 27th April 2018. This should include figures on the number of teaching assistants employed over the last 5 years and projections for the next year.

**Actions Taken**

An integrated Curriculum and Financial Plan was submitted to the ESFA and has formed the first medium term financial planning document that brings together educational outcomes and funding in one overriding document. This is being refreshed in Autumn 2019 as part of the School Resource Management Advisor (SRMA) visit which is scheduled to take place in January 2020.

**Condition**

Prepare and submit an action plan setting out the steps it will take to address the issues identified in the Trust's management letter for 2016/17 including regularising arrangements for senior leaders' pay and ensuring procedures are compliant. That action plan must be submitted to the ESFA no later than 20th April 2018.

**Action Taken**

The management letter became a standing item at Board and/or Finance Audit and Personnel and more recently at the Audit and Risk meetings. The CFO provided updates on each item and amended procedures to ensure compliance including the arrangements for senior leaders' pay. For the majority of these items, action has been taken to ensure that these are no longer a cause for concern.

**Condition**

Prepare and submit a revised financial recovery plan for the Trust. The plan should be externally validated by an independent expert (such as those available at the Association of School and College Leaders, the National Association of Head Teachers or the National Association of School Business Management). The plan must be

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

**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2020**

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submitted no later than 13th April 2018. The plan must include, as a minimum:

How the Academy Trust will achieve a cumulative surplus position by the end of August 2019, and each year thereafter. This must be supported by robust budget forecasts;

A clear efficiency and savings plan setting out specific areas where further savings can be made across the Trust

**Action Taken**

A revised recovery plan was completed and externally validated at the point it was submitted it did not forecast a cumulative surplus position by August 2019 and this has been accepted by the ESFA who have also confirmed in writing that this will not warrant a further FNTI to be issued.

The 3 year budget forecast submitted to the ESFA in July 2018 reflected the reduction in funding due to closure of the 6th Form plus the forecast deficit at Kings Ash Academy. These result in a cumulative surplus position not achievable until August 2021. The most recent 3 year budget plan for 2019/20 onwards again reiterated the fact that the deficit would not be removed until this date.

**Condition**

Implement new financial management and monitoring structures and undertake further actions to strengthen challenge in managing the budget and finances. This must include ensuring that effective processes are in place for the Trust to monitor financial performance and the financial risks to its operation. This will be exemplified in a written report to be submitted by 13th April 2018.

**Action Taken**

Prior to the FNTI, a more robust financial management system was in place, ensuring that spending was centrally controlled and that budget holders were directly accountable for spend against their budget and that any spending over budget had to be approved by the CFO and Head of School and in some circumstances by the Chair of the Board. The Board receive regular budget monitoring information including cash flow reports, aged creditors and debtors and in recent months a balance sheet.

**Condition**

Adopt the latest model funding agreement by 13th April 2018.

**Action Taken**

The Master Funding models for the Trust and each Academy have been signed off by the Secretary of State. The Trust's Articles of Association have also been updated.

All deadlines outlined by the FNTI have been met to date.

**Reserves Policy**

The Academy Trust is largely funded by grants from the Department of Education, the use of which is regulated by our Funding Agreement.

The reserves for each individual school are ring fenced to that school. It is expected that moving forward Trustees will review the future plans of the Academy Trust and set aside designated reserves as appropriate to maintain the stable progression of the Trust.

Currently the Trust does not have any revenue reserves as it is in a deficit position. This is forecast to end by August 2022. As per June 20 forecasts a regime of robust financial management across the Trust is in place to ensure that a cumulative surplus position is achieved by this date as clearly to have insufficient reserves does expose the Trust to risk in terms of cash flow management and managing emergencies.

It is reasonable that by 2022 the Trust work towards a policy of holding enough free reserves equivalent to 4% of revenue income circa £561k.

Given the tight funding regime for schools and the known increases in employers' costs, known school improvement and site development requirements this aim is challenging but is needed to enable the Trust to operate in a more stable financial environment. The Trust held unrestricted funds of £0 and GAG funds were in

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

**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2020**

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deficit of £165k at the end of the year, see note 20. Cash in the bank was £309,598 and £80,934 was held in a deposit account for the government funded capital schemes.

In line with most Academy Trusts in the UK, Bay Education Trust's defined benefit pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income, whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, or direct impact on the free reserves of the Academy Trust.

**Investment Policy**

The Trust aims to manage its cash balances to provide for the day to day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances against inflation. In addition, the Trust aims to invest surplus cash funds to optimise returns, whilst ensuring that the investments are such that there is no risk to the loss of these cash funds.

Due to the nature and timing of receipt of funding, the Trust may at times hold cash balances surplus to its short-term requirements. The trust investment policy allows for the Chief Finance Officer to maximise interest receivable whilst accommodating the day to day cash flow requirements of the Trust.

**Principal Risks And Uncertainties**

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Academy Trust are as follows:

**Financial**

The Academy Trust needs to continue reducing expenditure below annual funding allocations in order to ensure long term sustainability in line with the conditions of lifting the FNTI. A financial recovery plan has been developed, which requires a significant level of savings to be made in order to meet the conditions of lifting the FNTI.

**Failures in governance and/or management**

The risk in this area arises from potential failure to effectively manage the Academy Trust's finances. The Trustees continue to review and ensure that appropriate measures are in place to mitigate this risk through regular reporting and challenge.

**Reputational**

The continuing success of the Academy Trust is dependent on continuing to attract pupils and staff in sufficient numbers by maintaining the highest educational standards. To mitigate the risk Trustees ensure that student success and achievement are closely monitored and reviewed.

**Safeguarding and child protection**

The trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety and discipline.

**Staffing**

The success of the Academy Trust is reliant upon the quality of its staff, and the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

The Trust recognises that the savings required to meet the conditions of lifting the FNTI will impact staffing levels and will increase risk of losing key staff.

**Fraud and mismanagement of funds**

The Academy Trust has appointed an external body (Devon Audit Partnership) to carry out checks on financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

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

**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2020**

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The Trustees have assessed the major risks to which the Academy Trust is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks. Where significant financial risk still remains they have ensured they have adequate insurance cover.

The Trustees examine the financial health formally at least twice termly. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Finance Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy Trust had not significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in note 28 of the financial statements, represents a significant potential liability. However, as the Trustees consider that the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

**FUNDRAISING**

The Trust's fundraising activities are mainly in-school as part of a national fundraising event such as Children in Need. Voluntary contributions are made by pupils and staff and passed to the charity concerned by Finance.

**PLANS FOR FUTURE PERIODS**

2019/20 was an extremely challenging year for the Bay Education Trust (BET), however, considerable progress has been made in all areas but especially regarding financial and premises improvement and the overall quality of education offered to the pupils. BET has a clear '2 to 22' vision and its values and mission are increasingly becoming embedded within its schools alongside its 3 year strategic implementation plan.

In response to the FNTI a full review of the financial position of the Trust took place. The results of which continue to drive forward the required changes in financial planning and management, ensuring compliance with the Academies Financial Handbook. The FNTI was removed in July 2020.

The following actions have been agreed to achieve deficit recovery over the next 3 years:

- Each Academy must set at least an in year balanced budget with Paignton Academy setting an in year surplus which contributes towards reduction of the deficit as soon as practicable but by August 2021
- Monthly transactions reports to budget holders
- Any budget pressures are reported to the Board as soon as they are known
- All orders authorised by Finance to ensure sufficient budget to fund purchases
- Further investment in plant and machinery to reduce expenditure on repairs and maintenance
- Clearer lines of accountability and responsibility across the Trust for spending decisions
- Monthly budget monitoring reports to the Head of each School
- Balance sheet and cash flow review at Board level will be intensified
- Trust wide budget monitor to Finance, Audit & Personnel Committee (FAP) and Board of Trustees
- Risk Register is a standing item on the Board agenda
- Aged Creditors and Aged Debtors are reported to FAP at least quarterly
- A further review Head Office Support Service functions to achieve efficiencies and value for money
- More robust contract renewal and management process to ensure value for money and where appropriate a Trust wide arrangement

The Academy trust's focus over the next 3 years is to maintain and embed a strong financial management approach both at budget holder and school level in order to make inroads into the cumulative deficit resulting in a cumulative breakeven position by August 2022.

During 2018/19 as the 2 successful CIF funded capital projects come on stream these will reduce expenditure on plant and machinery and improve the teaching and learning environment. Further expenditure on premises

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

**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

related items will also contribute towards reduced reactive spend over the next 2 to 3 years and therefore decreasing budget pressures across non-education areas. During 2019/20 a new mathematics block of classrooms was built and opened owing to our positive response to the local authority's need for the academy to expand its planned admission number.

The Board's focus over the next 3 years is to do all it can to achieve a 'Good' at Kings Ash Academy whilst maintaining 'Good' at its other 2 schools. This required resources to be diverted away from back office where duplications exist and invested in teaching and learning. The actions taken by the Board are informed by the risk register which will continue to be monitored and acted upon throughout the coming year ensuring that all high risks are mitigated where possible.

The stability of pupil numbers is critical to the success of any Trust and as such the Board is keen to ensure that pupil progress is at the centre of everything we do and that this will lead to a more sustainable funding settlement for the Trust.

**STREAMLINED CARBON ENERGY REPORTING**

<b>UK Greenhouse gas emissions and energy use data for the 1 September 2019 to 31 August 2020</b>	
Energy consumption used to calculate emissions (kWh)	2,892,340
Energy consumption break down (kWh) (optional)	
• gas,	1,865,137
• electricity,	1,027,203
• transport fuel	Not applicable
<u>Scope 1 emissions in metric tonnes CO2e</u>	
Gas consumption	342,943
Owned transport – mini-buses	Not applicable
<u>Total scope 1</u>	342,942
<u>Scope 2 emissions in metric tonnes CO2e</u>	
Purchased electricity	239,482
<u>Scope 3 emissions in metric tonnes CO2e</u>	
Business travel in employee owned vehicles	1,087
Total gross emissions in metric tonnes CO2e	583,512
<u>Intensity ratio</u>	
Tonnes CO2e per pupil	0.294

**Quantification and Reporting Methodology**

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

**Intensity measurement**

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

**Measures taken to improve energy efficiency**

We have installed smart meters across most sites and increased video conferencing technology for staff meetings, to reduce the need for travel between sites.

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

**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**AUDITORS**

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that:  
so far as that Trustee is aware, there is no relevant audit information of which the charity's auditors are unaware,  
and  
that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any  
relevant audit information and to establish that the charity's auditors are aware of that information.

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The designated Trustees  
will propose a motion reappointing the auditors at a meeting of the Trustees.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the  
company directors, on 06/01/2021 and signed on its behalf by:

**G Jones**   
**Chair of Trustees**

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

**GOVERNANCE STATEMENT**

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**Scope of responsibility**

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

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The board of Trustees has delegated the day-to-day responsibility to the 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 Bay Education Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

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

**GOVERNANCE STATEMENT (CONTINUED)**

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**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 7 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
W Burridge	6	7
Revd. Preb. R Carlton, Vice Chair of Trustees	7	7
A Simmonds	2	3
A de Burgh	0	2
M Freeman	6	7
D Hands	4	7
M Harbour	5	7
A Hines	5	7
K Turpin	6	7
G Jones, Chair of Trustees	7	7
C Knight	4	7
S Kings	7	7
A Medhurst	7	7

**Audit and Risk**

The Audit and Risk committee is a sub committee of the Trust Board. Its purpose is to assist the decision making of the Board of Directors, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Directors' responsibility for risk management of the Trust's finances and resources, including proper planning, monitoring and probity in order to achieve best value for the Trust. This subcommittee also has the role of Audit Committee where all internal audit and external audit matters are presented and discussed. This sub committee met three times. Attendance at these meetings by Directors was:

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
J Ravenscroft	2	3
K Turpin	3	3
C Knight	0	1
A Medhurst	3	3

**Finance and Resources**

The Finance and Resources committee is a sub committee of the Trust Board. Its purpose is to assist the decision making of the Board of Directors, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Directors' responsibility in ensuring sound management of the Trust's finances and resources, including proper planning, monitoring and probity in order to achieve best value for the Trust. This sub committee met four times. Attendance at these meetings by Directors was:

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
G Jones	3	4
C Hawkins	1	4
A de Burgh	2	4
A Medhurst	4	4
K Turpin	2	2
S Kings	4	4



## **GOVERNANCE STATEMENT (CONTINUED)**

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

- Robust financial governance and budget management.
- Value for money purchasing.
- Reviewing controls and managing risk.
- Not allocating time/resources to areas where few improvements can be achieved.
- Making comparisons with similar Academies using data provided by the ESFA and the Government.
- Challenging proposals and examining their effectiveness and efficiency.
- Deploying staff effectively.
- Reviewing quality of curriculum provision and quality of teaching.
- Reviewing quality of children's learning to enable children to achieve nationally expected progress.
- Outlining procedures for accepting best value quotes, noting that this is not necessarily the cheapest quote

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bay Education Trust for the year 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 Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust'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. This process is regularly reviewed by the board of Trustees.

### **The risk and control framework**

The internal auditor's 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:

- 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 CFO of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

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

**GOVERNANCE STATEMENT (CONTINUED)**

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**The risk and control framework (continued)**

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 and General Purposes 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  
identification and management of risks

The board of Trustees has considered the need for a specific internal audit function and has decided to appoint Devon Audit Partnership as internal auditor.

The internal auditor's 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:

The internal auditor's 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:

Visits to Head Office during 2019/20, focusing on financial control, anti fraud, Income, purchasing & payments, salaries & expenses. 1 medium risk issue was raised across the audit, which has been addressed during 19/20. No matters remain outstanding. The report was presented to the Audit and Risk Committee.

On a quarterly basis, the internal auditor reports to the board of Trustees through the audit and risk committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

**Review of effectiveness**

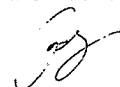
As accounting officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- on discharge of the Board of Trustees financial decisions to help the committee consider actions and
- assess year on year progress
- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the audit and risk committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 06/01/2021  
their behalf by:

and signed on



**Mr G Jones**  
Chair of Trustees



**Mr S Kings**  
Accounting Officer

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

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of Bay Education Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of 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 discovered to date have been notified to the Board of Trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.

I, the CEO, Chair and the majority of the Board took up their positions on or just after 1st April 2017. The Trust faced a series of difficulties during the academic and financial year 2017/18. A considerable financial deficit was reported in December 2017 and action had to be taken to address this problem. The premises, particularly at Waterleat Road and Borough Road, needed considerable remedial work to be carried out on them. There was a need to restructure the leadership at the primary schools in January 2018. Cash flow pressures continued to build during the year and the Trust applied for and was granted a loan of £252,000 during the year from the Education Schools Funding Authority (ESFA). Alongside this loan came a Financial Notice to Improve (FNTI). This has led to monthly reports being issued to the ESFA. Cash flow was much improved and stable by the end of the year.

Through 2018/19 and 2019/20 the Board took many difficult decisions to ensure that the deficit was initially stabilised and was then successfully reduced, however, it did not increase class sizes and has continued to offer pupils a broad and balanced curriculum in all its academies. Working with the ESFA the Board commissioned an inspection by a Schools Resource Management Adviser. His report commented favourably on the progress made by the Trust in lowering its deficit and had the direct effect of the ESFA removing the FNTI in July 2020.

The FNTI being lifted is conditional on the Academy Trust continuing to work towards achieving a balanced budget position by 2021/22. The current forecasts submitted to the ESFA indicate that this is expected to be achieved.



**Mr S Kings**  
Accounting Officer

Date: 06/01/2021

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

**STATEMENT OF TRUSTEES' RESPONSIBILITIES  
FOR THE YEAR ENDED 31 AUGUST 2020**

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

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

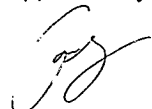
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

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



**G Jones**  
Chair of Trustees

Date: 06/01/2021

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BAY  
EDUCATION TRUST**

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**Opinion**

We have audited the financial statements of Bay Education Trust (the 'academy trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 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 Academies 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material uncertainty related to going concern**

We draw attention to note 1.2 in the financial statements, which indicates that the Academy Trust is in an overall deficit position of £165,000 (excluding pension and fixed asset reserves). As stated in note 1.2, these events or conditions, along with the other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast doubt on the Academy Trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

**Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, and the Governance 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.

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BAY  
EDUCATION TRUST (CONTINUED)**

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**Opinion on other matters prescribed by the Companies Act 2006**

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

the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

the Trustees' Report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

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

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

adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

the financial statements are not in agreement with the accounting records and returns; or

certain disclosures of Trustees' remuneration specified by law are not made; or

we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees**

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

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

**Auditors' responsibilities for the audit of the financial statements**

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

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 Auditors' Report.

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF BAY  
EDUCATION TRUST (CONTINUED)**

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**Use of our report**

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



**Mark Munro FCA (Senior Statutory Auditor)**

for and on behalf of

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date: 18/01/2021

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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BAY  
EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 04 September 2018 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 Bay Education Trust during the year 1 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 Bay Education Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Bay Education 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 Bay Education Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Bay Education Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Bay Education Trust's funding agreement with the Secretary of State for Education dated 28 November 2014 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 year 1 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.

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the Academy complied with the framework of authorities. We also reviewed the reports commissioned by the Trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.



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

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO BAY  
EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

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**Conclusion**

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



**Mark Munro FCA (Reporting Accountant)**

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

2nd Floor Stratus House

Emperor Way

Exeter Business Park

Exeter

EX1 3QS

Date: 18/01/2021

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

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
<b>Income from:</b>						
Donations and capital grants	3	5	1	232	238	171
Charitable activities	4	530	12,980	-	13,510	12,410
Other trading activities		282	-	-	282	365
Investments	7	-	-	-	-	11
<b>Total income</b>		<b>817</b>	<b>12,981</b>	<b>232</b>	<b>14,030</b>	<b>12,957</b>
<b>Expenditure on:</b>						
Charitable activities		278	14,231	607	15,116	14,141
<b>Total expenditure</b>		<b>278</b>	<b>14,231</b>	<b>607</b>	<b>15,116</b>	<b>14,141</b>
Net losses on disposal of fixed assets		-	-	-	-	(1,073)
<b>Net income/ (expenditure)</b>		<b>539</b>	<b>(1,250)</b>	<b>(375)</b>	<b>(1,086)</b>	<b>(2,257)</b>
Transfers between funds	20	(539)	425	114	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>-</b>	<b>(825)</b>	<b>(261)</b>	<b>(1,086)</b>	<b>(2,257)</b>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	27	-	(2,298)	-	(2,298)	(1,311)
<b>Net movement in funds</b>		<b>-</b>	<b>(3,123)</b>	<b>(261)</b>	<b>(3,384)</b>	<b>(3,568)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		-	(8,379)	29,782	21,403	24,971
Net movement in funds		-	(3,123)	(261)	(3,384)	(3,568)
<b>Total funds carried forward</b>		<b>-</b>	<b>(11,502)</b>	<b>29,521</b>	<b>18,019</b>	<b>21,403</b>

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

The notes on pages 35 to 65 form part of these financial statements.

**BAY EDUCATION TRUST**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER:09299975**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2020**

	Note	2020 £000	2019 £000
<b>Fixed assets</b>			
Tangible assets	15	29,349	29,287
		<u>29,349</u>	<u>29,287</u>
<b>Current assets</b>			
Stocks	16	2	-
Debtors	17	630	638
Cash at bank and in hand		391	865
		<u>1,023</u>	<u>1,503</u>
Creditors: amounts falling due within one year	18	(814)	(1,025)
<b>Net current assets</b>		<u>209</u>	<u>478</u>
<b>Total assets less current liabilities</b>		<u>29,558</u>	<u>29,765</u>
Creditors: amounts falling due after more than one year	19	(202)	(270)
<b>Net assets excluding pension liability</b>		<u>29,356</u>	<u>29,495</u>
Defined benefit pension scheme liability	27	(11,337)	(8,092)
<b>Total net assets</b>		<u><u>18,019</u></u>	<u><u>21,403</u></u>
<b>Funds of the Academy Trust</b>			
<b>Restricted funds:</b>			
Fixed asset funds	20	29,521	29,782
Restricted income funds	20	(165)	(287)
		<u>29,356</u>	<u>29,495</u>
Restricted funds excluding pension asset	20	29,356	29,495
Pension reserve	20	(11,337)	(8,092)
<b>Total restricted funds</b>	20	<u>18,019</u>	<u>21,403</u>
<b>Unrestricted income funds</b>	20	<u>-</u>	<u>-</u>
<b>Total funds</b>		<u><u>18,019</u></u>	<u><u>21,403</u></u>

The financial statements on pages 32 to 65 were approved by the Trustees, and authorised for issue on 06/01/2021 and are signed on their behalf, by:

  
**G Jones**

Chair of Trustees

The notes on pages 35 to 65 form part of these financial statements.

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

	<b>Note</b>	<b>2020 £000</b>	<b>2019 £000</b>
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	22	(203)	3,061
<b>Cash flows from investing activities</b>	23	(271)	(3,608)
<b>Change in cash and cash equivalents in the year</b>		<b>(474)</b>	<b>(547)</b>
Cash and cash equivalents at the beginning of the year		865	1,412
<b>Cash and cash equivalents at the end of the year</b>	24, 25	<b>391</b>	<b>865</b>

The notes on pages 35 to 65 form part of these financial statements

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**1. Accounting policies**

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

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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

Bay Education Trust meets the definition of a public benefit entity under FRS 102.

**1.2 GOING CONCERN**

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future.

The Academy Trust was issued with an FNTI by the ESFA on 23 February 2018. During the financial year ending 31 August 2020 the ESFA agreed to lift the FNTI and set four conditions for the Trust to meet, the Trust has been working with the ESFA to meet the conditions.

In the year 2019/20 the Trust generated a revenue surplus in the year of £122,000 (excluding pension and depreciation). At the year end the Academy Trust's unrestricted and restricted reserves, excluding pension, are in a deficit position of £165,000. The Trust has prepared 3 year forecasts which indicate that it will return to an overall surplus position within the year ended 31 August 2022, and it will be able to meet its liabilities as they fall due within the next 12 months. However, whilst there are currently no indications that the conditions of lifting the FNTI are not being met, there is a risk that this will not continue in the future.

Given the level of deficit that exists at 31 August 2020 and given the potential for additional unbudgeted costs to be incurred as a result of the Coronavirus pandemic, we believe that a material uncertainty exists over the Academy Trust's ability to continue as a going concern.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**1. Accounting policies (continued)**

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

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

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

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

**1.4 INTEREST RECEIVABLE**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**1. Accounting policies (continued)**

**1.5 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 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**1. Accounting policies (continued)**

**1.6 TANGIBLE FIXED ASSETS (continued)**

The estimated useful lives are as follows:

Long-term leasehold property	- 50 years straight-line
Motor vehicles	- 5 years straight-line
Computer equipment	- 4 years straight-line
Office equipment	- 5 years straight-line
Land	- 125 years straight-line

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

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

**1.7 STOCKS**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.8 DEBTORS**

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

**1.9 CASH AT BANK AND IN HAND**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

**1.10 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.



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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**1. Accounting policies (continued)**

**1.11 FINANCIAL INSTRUMENTS**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17.

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

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

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. Taxation and social security are not included in the financial instruments disclosure definition.

**1.12 TAXATION**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**1. Accounting policies (continued)**

**1.13 PENSIONS**

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

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

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

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

**1.14 FUND ACCOUNTING**

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

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

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

**1.15 OPERATING LEASES**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**1. Accounting policies (continued)**

**1.16 AGENCY ARRANGEMENTS**

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in Note 33.

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 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 on the carrying amount of the pension liability.

Critical areas of judgement:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**3. Income from donations and capital grants**

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Donations	5	1	-	6	13
Capital Grants	-	-	232	232	158
<b>Total 2020</b>	<b>5</b>	<b>1</b>	<b>232</b>	<b>238</b>	<b>171</b>
<b>Total 2019</b>	<b>13</b>	<b>-</b>	<b>158</b>	<b>171</b>	

**4. Income from charitable activities**

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Education	117	12,980	13,097	12,011
Nursery	413	-	413	399
<b>Total 2020</b>	<b>530</b>	<b>12,980</b>	<b>13,510</b>	<b>12,410</b>
<b>Total 2019</b>	<b>505</b>	<b>11,905</b>	<b>12,410</b>	

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**5. Funding for the Academy Trust's educational operations**

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
<b>DfE/ESFA grants</b>				
General Annual Grant	-	10,356	<b>10,356</b>	9,973
Other DfE/EFSA grants	-	1,825	<b>1,825</b>	1,315
	-	12,181	<b>12,181</b>	11,288
<b>Other government grants</b>				
High Needs	-	528	<b>528</b>	510
Other government grants: non-capital	-	182	<b>182</b>	107
	-	710	<b>710</b>	617
<b>Other funding</b>				
Internal catering income	26	-	<b>26</b>	31
Sales to students	2	-	<b>2</b>	2
Other	89	-	<b>89</b>	73
	117	-	<b>117</b>	106
<b>Exceptional government funding</b>				
COVID grants	-	89	<b>89</b>	-
<b>Total 2020</b>	<b>117</b>	<b>12,980</b>	<b>13,097</b>	<b>12,011</b>
<b>Total 2019</b>	<b>106</b>	<b>11,905</b>	<b>12,011</b>	

The Academy Trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "Exceptional government funding".

The funding received for coronavirus exceptional support covers £80k of free school meals, cleaning, premises and other operating costs. These costs are included in notes 8 and 9 below as appropriate.

The Academy furloughed one of its lettings staff under the government's CJRS. The funding received of £9k relates to staff costs which are included within note 11 below as appropriate.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**6. Income from other trading activities**

	<b>Unrestricted funds 2020 £000</b>	<b>Total funds 2020 £000</b>	<b>Total funds 2019 £000</b>
Lettings	134	134	189
Fees received	147	147	175
<b>TOTAL 2020</b>	<b>281</b>	<b>281</b>	<b>364</b>

**7. Investment income**

	<b>Unrestricted funds 2020 £000</b>	<b>Total funds 2020 £000</b>	<b>Total funds 2019 £000</b>
Bank interest	-	-	11
<b>Total 2019</b>	<b>11</b>	<b>11</b>	

All prior year income related to unrestricted funds.

**8. Expenditure**

	<b>Staff Costs 2020 £000</b>	<b>Premises 2020 £000</b>	<b>Other 2020 £000</b>	<b>Total 2020 £000</b>	<b>Total 2019 £000</b>
Education:					
Direct costs	8,867	607	860	10,334	9,547
Support costs	2,919	727	680	4,326	4,114
Nursery:					
Direct costs	455	-	2	457	451
Support costs	-	-	-	-	28
<b>Total 2020</b>	<b>12,241</b>	<b>1,334</b>	<b>1,542</b>	<b>15,117</b>	<b>14,140</b>
<b>Total 2019</b>	<b>11,480</b>	<b>1,231</b>	<b>1,429</b>	<b>14,140</b>	

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**9. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2020 £000</b>	<b>Support costs 2020 £000</b>	<b>Total funds 2020 £000</b>	<b>Total funds 2019 £000</b>
Education	10,334	4,326	<b>14,660</b>	13,661
Nursery	457	-	<b>457</b>	480
	<u>10,791</u>	<u>4,326</u>	<u><b>15,116</b></u>	<u>14,141</u>
Total 2019	<u>9,999</u>	<u>4,142</u>	<u><b>14,141</b></u>	

**Analysis of direct costs**

	<b>Total funds 2020 £000</b>	<b>Total funds 2019 £000</b>
Pension income	<b>150</b>	76
Staff costs	<b>9,241</b>	8,690
Depreciation	<b>607</b>	603
Educational supplies	<b>115</b>	126
Examination fees	<b>136</b>	120
Other costs	<b>103</b>	120
Supply teachers	<b>80</b>	(6)
Technology costs	<b>86</b>	79
Educational consultancy	<b>273</b>	191
	<u><b>10,791</b></u>	<u>9,999</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**9. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	<b>Total funds 2020 £000</b>	<b>Total funds 2019 £000</b>
Pension income	-	77
Staff costs	2,919	2,753
Recruitment and support	28	48
Maintenance of premises and equipment	140	183
Cleaning	97	73
Rent and rates	178	158
Energy costs	263	198
Insurance	48	56
Security and transport	20	18
Catering	278	276
Technology costs	53	30
Office overheads	147	146
Legal and professional	118	99
Bank interest and charges	1	1
Goverance costs	34	26
	<b>4,326</b>	<b>4,142</b>

**10. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

	<b>2020 £000</b>	<b>2019 £000</b>
Operating lease rentals	87	47
Depreciation of tangible fixed assets	607	602
Fees paid to auditors for:		
- audit	11	11
- other services	7	8



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**11. Staff**

**a. Staff costs**

Staff costs during the year were as follows:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>8,809</b>	8,610
Social security costs	<b>781</b>	750
Pension costs	<b>2,524</b>	2,038
	<b>12,114</b>	11,398
Agency staff costs	<b>80</b>	38
Staff restructuring costs	<b>47</b>	44
	<b>12,241</b>	11,480

Staff restructuring costs comprise:

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Redundancy payments	<b>47</b>	44
	<b>47</b>	44

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

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £27,000 (2019: £Nil). Individually, the payments were £7,000, £10,000 and £10,000 (2019: £Nil).

**c. Staff numbers**

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

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Teachers	<b>119</b>	121
Educational Support	<b>174</b>	165
Administration and Clerical	<b>90</b>	115
Management	<b>23</b>	23
	<b>406</b>	424

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**11. Staff (continued)**

**c. Staff numbers (continued)**

The average headcount expressed as full-time equivalents was:

	2020 No.	2019 No.
Teachers	108	105
Educational Support	111	111
Administration and Clerical	56	60
Management	23	23
	<u>298</u>	<u>299</u>

**d. Higher paid staff**

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	3	2
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	2	1
	<u>2</u>	<u>1</u>

**e. Key management personnel**

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as Trustees) and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £758,810 (2019 £768,260).

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**12. Central services**

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

Accounting Officer  
Financial services  
Educational support services  
Legal services  
Premises services

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

Flat percentage of central costs based on pupil numbers by Academy (16% - 68%)

The actual amounts charged during the year were as follows:

	2020 £000	2019 £000
Paignton Academy	777	813
Kings Ash Academy	190	198
Curledge Street Academy	174	203
<b>Total</b>	<b>1,141</b>	<b>1,214</b>

**13. Trustees' remuneration and expenses**

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The principal 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. The value of Trustees' remuneration and other benefits was as follows:

The Chief Executive Officer and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Chief Executive Officer and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, from the Academy Trust in respect of their role as Trustees. The value of trustees' remuneration and other benefits was as follows: S Kings: Remuneration £75,000 - £80,000 (2019: £75,000 - £80,000), Employer's pension contributions £Nil (2019: £Nil).

During the year ended 31 August 2020, expenses totalling £129 were reimbursed or paid directly to 1 Trustee (2019 - £NIL to 0 Trustee). In relation to travel to academy specific events.

**14. Trustees' and Officers' insurance**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**15. Tangible fixed assets**

	Long-term leasehold property £000	Assets under construction £000	Office equipment £000	Computer equipment £000	Total £000
<b>Cost or valuation</b>					
At 1 September 2019	27,392	3,552	610	276	31,830
Additions	40	469	134	26	669
Disposals	-	-	(39)	(127)	(166)
Transfers between classes	882	(938)	56	-	-
At 31 August 2020	<u>28,314</u>	<u>3,083</u>	<u>761</u>	<u>175</u>	<u>32,333</u>
<b>Depreciation</b>					
At 1 September 2019	2,008	-	320	215	2,543
Charge for the year	438	-	132	37	607
On disposals	-	-	(38)	(127)	(165)
At 31 August 2020	<u>2,446</u>	<u>-</u>	<u>414</u>	<u>125</u>	<u>2,985</u>
<b>Net book value</b>					
At 31 August 2020	<u>25,868</u>	<u>3,083</u>	<u>347</u>	<u>50</u>	<u>29,348</u>
At 31 August 2019	<u>25,384</u>	<u>3,552</u>	<u>290</u>	<u>61</u>	<u>29,287</u>

**16. Stocks**

	2020 £000	2019 £000
Uniform	<u>2</u>	<u>-</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**17. Debtors**

	2020 £000	2019 £000
<b>Due within one year</b>		
Trade debtors	3	7
Other debtors	3	24
Prepayments and accrued income	607	452
VAT recoverable	17	155
	<u>630</u>	<u>638</u>

**18. Creditors: Amounts falling due within one year**

	2020 £000	2019 £000
ESFA loans	89	3
Trade creditors	58	137
Other taxation and social security	375	338
Other creditors	42	62
Accruals and deferred income	250	485
	<u>814</u>	<u>1,025</u>

	2020 £000	2019 £000
Deferred income at 1 September 2019	99	148
Resources deferred during the year	90	99
Amounts released from previous periods	(99)	(148)
	<u>90</u>	<u>99</u>

At the balance sheet date the Academy was holding funds received in advance for UIFSM and business rates.

Included within ESFA loans is a cash advance of £84,000 repayable in monthly installments over 3 years with an applicable annual interest rate of 0%.

Included within ESFA loans is a Salix loan of £5,188 repayable in bi-annual installments over 8 years with an applicable annual interest rate of 0%.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
ESFA Loans	<b>202</b>	<b>270</b>

Included within ESFA loans is a cash advance of £168,000 repayable in monthly installments over 3 years with an applicable annual interest rate of 0%.

Also included within ESFA loans is a Salix loan of £33,720 repayable in bi-annual installments over 8 years with an applicable annual interest rate of 0%.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**20. Statement of funds**

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
<b>Unrestricted funds</b>						
General Funds	-	817	(278)	(539)	-	-
<b>Restricted general funds</b>						
General Annual Grant (GAG)	(287)	10,356	(10,659)	425	-	(165)
High Needs	-	679	(679)	-	-	-
Pupil Premium	-	1,047	(1,047)	-	-	-
Other restricted	-	26	(26)	-	-	-
Other DfE/ESFA	-	744	(744)	-	-	-
Year 7 Catch up	-	29	(29)	-	-	-
UIFSM	-	62	(62)	-	-	-
PE Grant	-	38	(38)	-	-	-
Pension reserve	(8,092)	-	(947)	-	(2,298)	(11,337)
	<u>(8,379)</u>	<u>12,981</u>	<u>(14,231)</u>	<u>425</u>	<u>(2,298)</u>	<u>(11,502)</u>
<b>Restricted fixed asset funds</b>						
Condition Improvement Fund (CIF)	4,176	161	(57)	-	-	4,280
Other LA Capital	25,137	27	(425)	-	-	24,739
Devolved Formula Capital (DFC)	199	44	(58)	-	-	185
Other capital grants	70	-	(12)	-	-	58
Capital expenditure from GAG	110	-	(50)	131	-	191
Capital expenditure from unrestricted	1	-	(1)	-	-	-
Insurance	27	-	-	-	-	27
Other capital grants on conversion	83	-	(4)	-	-	79
Salix loan	(21)	-	-	(17)	-	(38)
	<u>29,782</u>	<u>232</u>	<u>(607)</u>	<u>114</u>	<u>-</u>	<u>29,521</u>
<b>Total Restricted funds</b>	<u>21,403</u>	<u>13,213</u>	<u>(14,838)</u>	<u>539</u>	<u>(2,298)</u>	<u>18,019</u>
<b>Total funds</b>	<u>21,403</u>	<u>14,030</u>	<u>(15,116)</u>	<u>-</u>	<u>(2,298)</u>	<u>18,019</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**20. Statement of funds (continued)**

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

**RESTRICTED FUNDS**

General Annual Grant (GAG) - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

High Needs - Funding received by the Local Authority to fund further support for students with additional needs.

Pupil Premium - Pupil premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

Other restricted - This represents other non-DfE/ESFA grants not included elsewhere, including rates relief..

Other DfE/ESFA - This represents other DfE/ESFA grants not included elsewhere, including the teachers pay grant.

Year 7 Catch up - This represents funds in respect of the Year 7 Catch up grant.

UFSM - This represents funds in respect of the Universal Infant Free School Meals Grant.

PE Grant – This represents funding received from the ESFA and must be used to fund improvements to the provision of PE and sport, for the benefit of primary-aged pupils, so that they develop healthy lifestyles.

Pension reserve – This represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy.

**RESTRICTED FIXED ASSET FUNDS**

Condition Improvement Fund (CIF) - This represents funds received from the ESFA for specific capital projects.

Other LA Capital - These funds were received from the Local Authority for direct expenditure on fixed asset projects. The fixed asset fund balance at the year end represents the NBV of assets and any unspent grant amounts.

Devolved Formula Capital (DFC) - This represents funding from the ESFA to cover the maintenance and purchase of the Academy's assets.

Other capital grants - These funds are received for direct expenditure on fixed asset projects. The fixed asset fund balance at the year end represents the NBV of assets and any unspent grant amounts.

Capital expenditure from GAG - This represents capital expenditure funded from GAG.

Capital expenditure from unrestricted - This represents capital expenditure funded from unrestricted reserves.

Insurance - This represents capital expenditure funded from insurance funds.

Other capital grants on conversion - This represent the buildings and equipment donated to the School from the Local Authority on conversion to an Academy.



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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

**20. Statement of funds (continued)**

**OTHER INFORMATION**

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

**Total funds analysis by academy**

Fund balances at 31 August 2020 were allocated as follows:

	<b>2020 £000</b>	<b>2019 £000</b>
Paignton Academy	(129)	(184)
Kings Ash Academy	(166)	(205)
Curledge Street Academy	119	91
Central Services	11	11
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	(165)	(287)
Restricted fixed asset fund	29,521	29,782
Pension reserve	(11,337)	(8,092)
	<hr/>	<hr/>
<b>Total</b>	<b>18,019</b>	<b>21,403</b>
	<hr/> <hr/>	<hr/> <hr/>

The following academies are carrying a net deficit on their portion of the funds as follows:

	<b>Deficit £000</b>
Paignton Academy	(129)
Kings Ash Academy	(166)
	<hr/> <hr/>

The Academy Trust is taking the following action to return the academies to surplus:

The action to return the academies to surplus is detailed within the Trustee Report and the Accounting Officer's statement.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**20. Statement of funds (continued)**

**Total cost analysis by academy**

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2020 £000	Total 2019 £000
Paignton Academy	5,185	1,306	617	753	7,861	8,682
Kings Ash Academy	1,772	172	101	255	2,300	2,335
Curledge Street Academy	1,743	194	40	243	2,220	2,257
Central Services	142	851	33	155	1,181	1,337
<b>Academy Trust</b>	<b>8,842</b>	<b>2,523</b>	<b>791</b>	<b>1,406</b>	<b>13,562</b>	<b>14,611</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**20. Statement of funds (continued)**

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

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
<b>Unrestricted funds</b>						
General Funds	-	894	(756)	(138)	-	-
<b>Restricted general funds</b>						
General Annual Grant (GAG)	(439)	9,974	(9,967)	145	-	(287)
High Needs	-	510	(510)	-	-	-
Pupil Premium	-	989	(989)	-	-	-
Other restricted	1	146	(147)	-	-	-
Other DfE/ESFA	-	149	(149)	-	-	-
Year 7 Catch up	-	29	(29)	-	-	-
UIFSM	-	69	(69)	-	-	-
PE Grant	-	39	(39)	-	-	-
Pension reserve	(5,898)	-	(883)	-	(1,311)	(8,092)
	<u>(6,336)</u>	<u>11,905</u>	<u>(12,782)</u>	<u>145</u>	<u>(1,311)</u>	<u>(8,379)</u>
<b>Restricted fixed asset funds</b>						
Condition Improvement Fund (CIF)	4,212	-	(36)	-	-	4,176
Other LA Capital	26,668	9	(467)	-	(1,073)	25,137
Devolved Formula Capital (DFC)	103	149	(53)	-	-	199
Other capital grants	88	-	(11)	(7)	-	70
Capital expenditure from GAG	117	-	(28)	21	-	110
Capital expenditure from unrestricted	1	-	-	-	-	1
Insurance	28	-	(1)	-	-	27
Other capital grants on conversion	90	-	(7)	-	-	83
Salix loan	-	-	-	(21)	-	(21)
	<u>31,307</u>	<u>158</u>	<u>(603)</u>	<u>(7)</u>	<u>(1,073)</u>	<u>29,782</u>
<b>Total funds</b>	<u>24,971</u>	<u>12,957</u>	<u>(14,141)</u>	<u>-</u>	<u>(2,384)</u>	<u>21,403</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**21. Analysis of net assets between funds**

**Analysis of net assets between funds - current period**

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	29,349	29,349
Current assets	-	812	211	1,023
Creditors due within one year	-	(809)	(5)	(814)
Creditors due in more than one year	-	(168)	(34)	(202)
Provisions for liabilities and charges	(3,245)	(8,092)	-	(11,337)
Difference	3,245	(3,245)	-	-
<b>Total</b>	<b>-</b>	<b>(11,502)</b>	<b>29,521</b>	<b>18,019</b>

**Analysis of net assets between funds - prior period**

	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	29,287	29,287
Current assets	987	516	1,503
Creditors due within one year	(1,022)	(3)	(1,025)
Creditors due in more than one year	(252)	(18)	(270)
Provisions for liabilities and charges	(8,092)	-	(8,092)
<b>Total</b>	<b>(8,379)</b>	<b>29,782</b>	<b>21,403</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**22. Reconciliation of net expenditure to net cash flow from operating activities**

	2020 £000	2019 £000
Net expenditure for the period (as per Statement of Financial Activities)	(1,086)	(2,257)
<b>Adjustments for:</b>		
Depreciation	607	602
Capital grants from DfE and other capital income	(232)	(158)
Defined benefit pension scheme obligation inherited	-	138
Defined benefit pension scheme cost less contributions payable	797	592
Defined benefit pension scheme finance cost	150	153
(Increase)/decrease in stocks	(2)	-
(Increase)/Decrease in debtors	8	2,586
Increase/(Decrease) in creditors	(279)	332
Loss on disposal of tangible fixed assets	-	1,073
Depreciation on disposed assets	(166)	-
<b>Net cash (used in)/provided by operating activities</b>	<b>(203)</b>	<b>3,061</b>

**23. Cash flows from investing activities**

	2020 £000	2019 £000
Purchase of tangible fixed assets	(503)	(3,766)
Capital grants from DfE Group	232	158
<b>Net cash used in investing activities</b>	<b>(271)</b>	<b>(3,608)</b>

**24. Analysis of cash and cash equivalents**

	2020 £000	2019 £000
Cash at bank and in hand	391	865
<b>Total cash and cash equivalents</b>	<b>391</b>	<b>865</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**25. Analysis of changes in net debt**

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash at bank and in hand	865	(474)	391
Debt due within 1 year	(3)	(86)	(89)
Debt due after 1 year	(270)	68	(202)
	<u>592</u>	<u>(492)</u>	<u>100</u>

**26. Capital commitments**

	2020 £000	2019 £000
Contracted for but not provided in these financial statements	<u>151,077</u>	<u>539,251</u>

In addition to the above, in 2008, Paignton Academy (prev. Paignton Community and Sports College) received a grant from the Football Association for a 3G astro-turf pitch. As a condition of the grant, the pitch is required to be maintained over 21 years to a high standard, including potentially resurfacing the astro-turf. It was anticipated that the approximate useful life of the playing surface was 8-10 years and an approximate cost to resurface the pitch is £200,000 - £250,000.

**27. Pension commitments**

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

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

Contributions amounting to £194,747 were payable to the schemes at 31 August 2020 (2019 - £155,679) and are included within creditors.

**Teachers' Pension Scheme**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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**27. Pension commitments (continued)**

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 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 year amounted to £1,113,173 (2019 - £759,312).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £788,000 (2019 - £716,000), of which employer's contributions totalled £605,000 (2019 - £542,000) and employees' contributions totalled £ 183,000 (2019 - £174,000). The agreed contribution rates for future years are 17.6 per cent for employers and 5.5%-12.5% per cent for employees.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**27. Pension commitments (continued)**

**Principal actuarial assumptions**

	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>
Rate of increase in salaries	<b>3.25</b>	3.7
Rate of increase for pensions in payment/inflation	<b>2.25</b>	2.20
Discount rate for scheme liabilities	<b>1.60</b>	1.85
Inflation assumption (CPI)	<b>2.25</b>	2.20

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

	<b>2020</b>	<b>2019</b>
	<b>Years</b>	<b>Years</b>
<i>Retiring today</i>		
Males	<b>22.9</b>	22.5
Females	<b>24.1</b>	24.4
<i>Retiring in 20 years</i>		
Males	<b>24.3</b>	24.2
Females	<b>25.5</b>	26.2

**Sensitivity analysis**

	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Discount rate +0.1%	<b>(478)</b>	(627)
Discount rate -0.1%	<b>501</b>	366
Mortality assumption - 1 year increase	<b>708</b>	589
Mortality assumption - 1 year decrease	<b>(683)</b>	(566)
CPI rate +0.1%	<b>448</b>	331
CPI rate -0.1%	<b>(436)</b>	(323)



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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**27. Pension commitments (continued)**

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

	2020 £000	2019 £000
Equities	4,929	4,340
Gilts	294	251
Corporate bonds	389	133
Property	656	615
Cash and other liquid assets	94	94
Infrastructure	332	267
Target return portfolio	1,039	986
Other	525	369
<b>Total market value of assets</b>	<b>8,258</b>	<b>7,055</b>

The actual return on scheme assets was £30,000 (2019 - £290,000).

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

	2020 £000	2019 £000
Current service cost	(1,381)	(1,134)
Past service cost	(21)	(138)
Interest income	131	169
Interest cost	(281)	(322)
<b>Total amount recognised in the Statement of Financial Activities</b>	<b>(1,552)</b>	<b>(1,425)</b>

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

	2020 £000	2019 £000
<b>At 1 September</b>	<b>15,147</b>	<b>12,153</b>
Current service cost	1,381	1,134
Interest cost	281	322
Employee contributions	183	174
Actuarial losses	2,730	1,428
Benefits paid	(148)	(202)
Losses on curtailments	21	138
<b>At 31 August</b>	<b>19,595</b>	<b>15,147</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**27. Pension commitments (continued)**

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

	<b>2020</b>	2019
	<b>£000</b>	£000
<b>At 1 September</b>	<b>7,055</b>	6,255
Interest income	<b>131</b>	169
Actuarial gains	<b>432</b>	117
Employer contributions	<b>605</b>	542
Employee contributions	<b>183</b>	174
Benefits paid	<b>(148)</b>	(202)
<b>At 31 August</b>	<b>8,258</b>	7,055

**28. Operating lease commitments**

At 31 August 2020 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	<b>2020</b>	2019
	<b>£000</b>	£000
Within 1 year	<b>108</b>	47
Between 1 and 5 years	<b>81</b>	72
	<b>189</b>	119

**29. Members' liability**

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

**30. General Information**

Bay Education Trust is a company limited by guarantee, incorporated in England and Wales. The registered office is Paignton Academy, Borough Road, Paignton, England, TQ4 7DH.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2020**

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**31. Related party transactions**

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

The following related party transactions took place in the year:

NJ de Burgh, spouse of Trustee A de Burgh, was employed by the Academy Trust. Remuneration in the range of £10,000-£15,000 and employer's pension contributions in the range of £0-£5,000 was paid through payroll in the year. There were no amounts outstanding at the year end.

CA Giles-Medhurst, daughter of Trustee A Medhurst, was employed by the Academy Trust. Remuneration in the range of £15,000-£20,000 and employer's pension contributions in the range of £0-£5,000 was paid through payroll in the year. There were no amounts outstanding at the year end.

**Gavin Jones Consultancy**  
(G Jones is a director)

The Trust made purchases in the year from Gavin Jones Consultancy totalling £2,160 (2019: £Nil).

The Trust made sales in the year to Gavin Jones Consultancy totalling £Nil (2019: £Nil).

At the year end the amount owed to Gavin Jones Consultancy was £Nil (2019: £Nil).

Transactions with Gavin Jones Consultancy were provided at no more than cost and supported by a statement of assurance, however no disclosure was made to the ESFA.

**32. Agency arrangements**

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2020 the Academy Trust received £Nil and disbursed £Nil from the fund. An amount of £17,299 is included in other creditors relating to undistributed funds that is repayable to ESFA.