

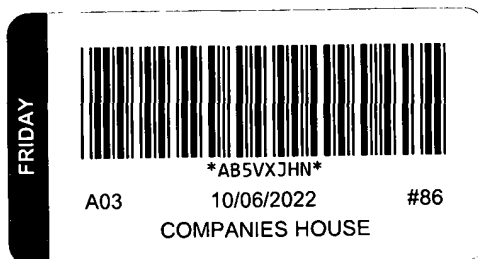
Companies House

**Newham Community
Schools Trust**

**Annual Report and Financial
Statements**

31 August 2021

Company Limited by Guarantee
Registration Number
09896221 (England and Wales)



Newham Community Schools Trust

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Reference and administrative information

Members	Mr R Hylton – resigned 29 September 2020 Mr K D Grice – resigned 22 September 2020 Mr R Foley Mr A Rahim Mr H Powell Mr D J Wood Mr P A Leslie
Chairman of the Board of Trustees	Mr M J Ainsworth OBE – resigned 11 November 2020 Mr P A Leslie – appointed 11 November 2020
Trustees	Mr N Beighton – resigned 11 November 2020 Mr P A Leslie Ms T Alam Mrs P K Chadha – resigned 11 November 2020 Ms A S Hammond Ms C L Parry Dr K U Rahim Mr M L Sanyang
Chief Executive & Accounting Officer	Mr A J D A Wilson
Company Secretary	Mr N Beighton
Senior Leadership Team	
Sarah Bonnell School	
Headteacher	Ms R Potter
Deputy Headteacher	Ms R Clark
Deputy Headteacher	Mr D Hudson
Deputy Headteacher	Ms C Paine
Eastlea Community School	
Executive Headteacher	Ms C Robinson
Headteacher	Ms S Morgan
Deputy Headteacher	Ms J Carter
Deputy Headteacher	Mr J Ahmed
Deputy Headteacher	Mr M Copping
Registered address	Sarah Bonnell School Deanery Road London E15 4LP

Reference and administrative information

Company registration number 09896221 (England and Wales)

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers Lloyds Bank
39 Threadneedle Street
London
EC2R 8AU

Solicitors Winckworth Sherwood
Minerva House
5 Montague Close
London
SE1 9BB

Trustees' report 31 August 2021

The Trustees present their annual report together with the financial statements of the charitable company for the year 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 35 to 40 of the attached financial statements and comply with the Academy's Memorandum and Articles of Association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

The Trust was incorporated on 1 December 2015 but remained dormant until the conversion of Sarah Bonnell School to Academy status within the Trust on 1 July 2018.

The principal activity of the company is the operation of a state-funded Multi Academy Trust, Newham Community Schools Trust, providing state education for students aged 11 to 16. The schools operated by the Multi Academy Trust in the year under review were Sarah Bonnell School (which has a total pupil capacity when full of 1,350 pupils) and, from 1 January 2021, Eastlea Community School (which has a total pupil capacity when full of 1,200 pupils). As at 31 October 2021, there were 1,333 pupils on roll at Sarah Bonnell School and 853 pupils on roll at Eastlea Community School.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Newham Community Schools Trust is a company limited by guarantee with no share capital (registration no. 09896221) and an exempt charity. It comprises the following schools:

School	Converted date
Sarah Bonnell School	1 July 2018
Eastlea Community School	1 January 2021

The Trust works in close collaboration with Lister Community School and Rokeby School, two federated foundation schools in the London Borough of Newham. It is expected that these two foundation schools will convert to Academy status and join the Trust within the academic year 2021-22.

The charitable company's Memorandum and Articles of Association are the primary governing documents of Newham Community Schools Trust.

The Trustees of Newham Community Schools Trust are also the Directors of the charitable company for the purposes of company law.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Constitution (continued)

Details of Trustees who served during the year are shown in the Reference and Administrative section at the front of these accounts.

Members' liability

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

Trustees' indemnities

The Trust has joined the Risk Protection Arrangement for academies which provides up to £10million cover for Governors and Trustees liability in each membership year operating from 1 September annually.

Method of recruitment and appointment or election of Trustees

In accordance with the Articles of Association, the Trustees of the charitable company are the Directors. They are appointed as follows:

- a) Up to 10 Trustees, appointed by the Members
- b) Co-opted Trustees, subject to restrictions in number as regards employees of the Trust

In respect of those appointed by the Members, ((a) above), when a vacancy arises the Members seek to make an appointment that would maximise the relevant skills and experience on the Board as a whole.

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where appropriate this will comprise induction and training on charity and educational legal and financial matters. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. The Trust's Handbook ensures that all information is readily available and easily accessible.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure

The Board of Trustees, who are all non-executive, comprises those persons appointed under the Articles of Association. The Board meets at least four times a year and delegates specific responsibilities through three Committees:

- ◆ Standards committee
- ◆ Resources committee
- ◆ Growth and Governance committee

Day to day leadership of the company is undertaken by the Chief Executive Officer, supported by the Senior Leadership Team of the schools.

The Chief Executive Officer is the Accounting Officer of the Trust.

The Scheme of Delegation outlines the responsibilities at Board, Executive and Local Governing Body level. In addition, financial policies and procedures establish the operational authority for the Headteacher. Other performance monitoring and control responsibilities are delegated to the Local Governing Body. Each meets at least three times a year.

Arrangements for setting pay and remuneration of key management personnel

The CEO of the Trust was until 31 August 2021 also the Headteacher of Lister Community School and employed by that school. A proportion of his employment costs were charged to Newham Community Schools Trust in respect of his executive role. The pay of the Chief Executive of the Trust has been determined by the Pay Committee, having regard to performance against objectives set the previous year.

From 01 September 2021, the CEO is employed by the Trust and performs the role full time.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trade union facility time

Relevant union officials

Number of employees who were relevant Union Officials during the year:	Full time equivalent employee number
None	N/A
Percentage of time spent on facility time	Number of employees
1% - 50%	None
Total cost of facility Time	Nil
Total pay bill	Nil
Percentage of pay bill spent on facility time	0%
Time spent on paid Trade Union activities as a percentage of total paid facility time hours	0%

Related Parties and other Connected Charities and Organisations

Newham Community Schools Trust operates collaboratively with Rokeby School and Lister Community School. The Chief Executive of the Trust was additionally Headteacher of Lister Community School and is remunerated by that school. Newham Community Schools Trust makes a contribution to Lister Community School for the services of the Chief Executive and Accounting Officer. Further details are contained in note 22.

The Sarah Bonnell Foundation (Charity number 312659) is a registered charity and raises funds to promote the education of girls under the age of 25 years who are resident in the London Borough of Newham. Details of the donations to the Trust from the Sarah Bonnell Foundation during the year are given in note 22.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the charitable company is the advancement of education in the United Kingdom. It achieves this objective through the operation of non-selective Secondary schools within Newham Community Schools Trust (NCST) in the Borough of Newham. Sarah Bonnell School and, from 01 January 2021, Eastlea Community School, are the two schools operated by the Trust in 2020/21. As stated above, the Trust works collaboratively with Lister Community School and Rokeby School and expects these two federated foundation schools to join the Trust in the near future.

OBJECTIVES AND ACTIVITIES (continued)

Objects and aims (continued)

The four schools, of which Sarah Bonnell School and Eastlea Community Schools are academies, have a shared commitment to working together to provide a world-class education for young people in Newham, and to further developing as centres of excellence for teaching and learning.

The schools are highly ambitious for their students, and keen to develop their passion for learning. The schools seek to do this within inspiring and safe learning environments, where all members of the community treat each other with kindness and respect. The aim is to provide the highest possible standard of education and pastoral care, maximising the life chances of its students of different abilities between the ages of 11 and 16.

The schools believe that no child should be left behind, that every child can succeed regardless of their starting point, and that every child should have access to a broad and rich range of experiences at school which will support their development as an active member of our community.

The schools are highly ambitious for their staff, developing a strong culture of continuous professional development. The schools want the Trust to attract and retain the best teaching and non-teaching staff, and be recognised as an organisation where staff at all levels receive outstanding support in developing their careers.

Objectives, strategies and activities

The main objectives of the NCST during the year were:

- ◆ To develop the quality of provision for students during the ongoing covid pandemic, whether in school or learning remotely
- ◆ To ensure that risk assessments and protocols were in place to ensure that this activity would be carried out safely and in line with continuing evolving government guidance.
- ◆ To work with partners to support Eastlea Community School, a neighbouring maintained secondary school, which was graded Inadequate in an Ofsted inspection in March 2020. On 01 January 2021, the Trust was delighted to welcome Eastlea Community School as a newly established Academy.
- ◆ Reached a resolution with the Local Authority regarding the PFI (private finance initiative) payments regarding Lister Community School and Rokeby School.
- ◆ Further to the resolution of the PFI discussions referred to above, consulted with stakeholders regarding the academisation of Lister Community School and Rokeby School. Taking all feedback into consideration, the Federated Governing Body of Lister and Rokeby voted to approve academisation of both schools in June 2021.

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

- ◆ Developing arrangements in close collaboration with the Local Authority for the hosing of an annex of a local special school (run by another local Trust) as part of Lister Community School's estate. This would be part of the additional building work planned at Lister to accommodate a planned increase in pupil numbers.
- ◆ Significant improvements to the estate at Eastlea to ensure safety
- ◆ A transformation in the management culture at Eastlea, and greatly improved expectations and attitudes across the staff and student body
- ◆ Sustaining, despite the pressures of Covid, the collaboration between local schools as part of the Newham Community Music Cluster
- ◆ Build on the work described above to embed this partnership-based approach as a proposed formal merger with a local primary Trust.
- ◆ Regarding the above support, the Trust has worked closely with the RSC (Regional Schools Commissioner) in order to offer tailored support where appropriate to schools within the local area (west Newham).
- ◆ Significant progress has been made in the development and strengthening of the Trust's governance processes and procedures.

Covid-19

In order to best support our students and staff during the pandemic, the Trust Board was regularly updated on the management of this situation. Key areas of focus were as follows:

- ◆ Strength of the Trust's knowledge of its students meant that robust support systems were put in place for all students, not only for those entitled to FSM.
- ◆ The Trust continued to extend the provision of additional devices to students, using both devices provided by the DfE and additional devices funded by the Trust, and to monitor the completion of home learning tasks. Staff then followed through and were able to achieve very high levels of completion of work with a particular rise in the academic year.
- ◆ Students who were not able to access online learning were provided with paper copies, to ensure that this was not a barrier.

Colleagues from across the two academies have worked in partnership with the two partner schools (Lister and Rokeby), sharing experience of management of testing, cleaning and other aspects of risk management, to ensure that the schools have been as safe as possible. Trust leaders have engaged closely with local Public Health officials to ensure that emerging issues were addressed with full understanding of the local context and guidance.

OBJECTIVES AND ACTIVITIES (continued)

Public Benefit

In setting the objectives and planning the associated activities, the Trustees confirm the charitable objectives of the Trust and have given careful consideration to the Charity Commission's general guidance on public benefit.

STRATEGIC REPORT

Achievements and performance

Going concern

After considering all factors including the impact of Covid-19 and the Trust's 3 year financial plans, the Trustees have a reasonable expectation that the Trust is able to continue in operational existence for the foreseeable future. In light of the assessment, the Trust continues to adopt the going concern in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

The total income for the year was £83,237,000 (2020 - £9,942,000). This included £14,085,000 of General Annual Grant funding, other ESFA and Government Grants of £2,419,000, grant income from the Local Authority of £520,000, trading activities of £47,000 and donations and capital grants of £546,000. Included in the total income is £3,002,000 revenue funds on conversion of Eastlea Community School joining the Trust, alongside the inherited pension deficit of £2,774,000 and the transfer of the school buildings totalling £65,000,000.

Total expenditure was £19,347,000 (2020 - £10,804,000) of which £13,728,000 was direct costs (2020 - £7,544,000) and £5,619,000 support costs (2020 - £3,260,000).

The statement of financial activities results for the year is shown on page 31.

At 31 August 2021 the net book value of intangible fixed assets was £Nil (2020 - £1,000) and tangible fixed assets was £82,563,000 (2020 - £17,884,000). The movements in intangible and tangible fixed assets are shown in notes 10 and 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

At 31 August 2021, the Trust had total funds of £79,536,00 (2020 - £16,779,000).

The fixed asset fund at £82,563,000 (2020 - £17,885,000) holds no unspent capital grant at the balance sheet date (2020 - £Nil). Capital commitments of £564,000 (2020 - £420,000) are referenced in note 17 of these accounts.

The pension reserve balance, relating to the Local Government defined benefit scheme for non-teaching staff, was in deficit by £7,502,000 at 31 August 2021 (2020 - in deficit by £2,719,000).

The remaining reserves comprise restricted income funds of £849,000 (2020 - £573,000) and unrestricted income funds of £3,626,000 (2020 - £312,000).

STRATEGIC REPORT (continued)

Reserves policy

The Trustees have determined that the appropriate level of free reserves should be equivalent to 5% of total income with a range of not less than 2% or more than 8% of income. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a contingency to deal with unexpected emergencies such as urgent maintenance. The free reserves as at 31 August 2021 amount to £4,475,000 (2020 - £885,000) and are in line with the policy. The reserves policy has not been amended.

Investment policy

Newham Community Schools Trust will make limited investments of short term cash balances in excess of immediate requirements in order to generate the best returns without incurring undue risk. As such, the Trust may make cash deposits into fixed term or notice period interest bearing accounts. These deposit balances which are not immediately available should not exceed £5m with any one financial institution. The credit rating of the financial institutions holding Trust investments will be assessed annually.

Principal risks and uncertainties

The Trustees have assessed the major risks, in particular those relating to academic performance, finances, data protection and child welfare, to which the company is exposed. The Trustees have implemented a number of systems to assess risks that the company faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains, they have ensured they have adequate insurance cover. The company has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The principal financial risk faced by Newham Community Schools Trust arises from ongoing pressure on funding. In addition, until the completion of the capital programme the final build cost remains uncertain against the proposed expenditure budget. The Trust Senior Leadership Team and the Resources Committee independently scrutinise actual financial performance against budget.

As the nature of the financial instruments dealt with by the company is relatively simple (bank balances, debtors and "trade" creditors), Trustees consider the associated risk in this area to be minimal.

The risk resulting from the company's share of the LGPS deficit is managed by following the advice of the scheme's Actuary, specifically with regard to the level of contributions payable, ensuring that annual budgets are drawn up to reflect the Actuary's advice.

Most of the Trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes.

STRATEGIC REPORT (continued)

Risk management

The ongoing pandemic poses a number of risks to the Trust, key of which are as follows:

- ◆ Staff absence – individuals working for the Trust have had a huge range of different challenges to face, whether related to their own health, the health or financial difficulties of other relatives, caring responsibilities, and so on. Each case has been different. Our ethos as a supportive employer has led to us responding to the needs of individuals and this has at times placed significant strain on our organisations.
- ◆ Lost classroom time – although remote learning is in place and working well, we are conscious that some students have lost significant amounts of learning. Our focus has been on re-engaging these students, and focusing on rebuilding confidence through emphasising what is possible, alongside identifying any gaps in knowledge.
- ◆ Mental health and wellbeing – staff and students – due to the ongoing pandemic, this is likely to be a significant challenge in the coming academic year. The strong relationships between students and staff, and between Trust schools, will help mitigate against this risk.
- ◆ Senior leadership team – the Trust is acutely conscious of the enormous and sustained pressure that school leaders have been under for many months, and are working to mitigate this as best as possible, including allowing flexible working arrangements in some cases.

FUNDRAISING

The Trust undertakes limited fundraising for its own resources. Schools invite contributions from parents and guardians to assist with both statutory and extra-curricular teaching and learning activities. The Trust works closely with the Sarah Bonnell Foundation, (refer to related party note 22) which works to support the Trust through fundraising and donations to the school.

A common charging and remissions policy is applied by all schools.

The Trust does not work with any professional fundraisers or commercial participants. Fundraising on behalf of other local and national charities raised £1,897 in the year (2020 - £2,546).

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Trust does not act as custodian Trustee on behalf of others.

Trustees' report 31 August 2021

AUDITOR

In so far as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, approved by order of the members of the Board of Governors on 10 Dec 2021 and signed on its behalf by:



Paul Leslie

Chairman

1 December 2021

Governance statement 31 August 2021

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, 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 Newham Community Schools Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has held five scheduled meetings during the year; in addition, the Board convened two extraordinary meetings. Attendance during the year at all formally constituted meetings of the Board of Trustees and the Board of Trustees and Federation Governing Board or Committees was as follows:

Board of Trustees / Federation Governing Board	Meetings attended (scheduled and extraordinary)	Out of a possible (scheduled and extraordinary)
Mr M J Ainsworth OBE (Chairman)	0	1
Mr N Beighton	1	1
Mr P A Leslie	1	1
Ms T Alam	1	1
Mrs P K Chadha	1	1
Ms A S Hammond	1	1
Ms C L Parry	1	1
Dr K U Rahim (medical professional - not available during this time due to Covid-19)	0	1
Mr M L Sanyang	1	1

Governance statement 31 August 2021

Governance (continued)

Board of Trustees only (further to separation of TB and FGB from November 2020)	Meetings attended (scheduled and extraordinary)	Out of a possible (scheduled and extraordinary)
Mr P A Leslie	6	6
Ms T Alam	6	6
Ms A S Hammond	4	6
Ms C L Parry	6	6
Dr K U Rahim (medical professional - not available during this time due to Covid-19)	0	6
Mr M L Sanyang	6	6

The Trust Board has three committees, which meet regularly. The summary of attendance at both scheduled and extraordinary meetings for the period, for each committee, are outlined below. Note that the close partnership between NCST and the federation governing board of Lister Community School and Rokeby School has meant that the skills of Mr N Beighton, Chair of the Board, have been added to two of the Trust Board's committees.

Standards Committee**	Meetings attended	Out of a possible
Ms A S Hammond (Chair)	1	4
Mrs P K Chandha	4	4
Dr K U Rahim	1	4
Mr M L Sanyang	4	4

** Note that personal circumstances meant that Ms A S Hammond was unable to attend a number of the committee's meetings. As already mentioned, Dr K U Rahim was unable to attend a number of meetings due to work commitments as a result of the ongoing pandemic.

The Trust's School Improvement Adviser, Ms S Dignasse, was present at all committee meetings, and was requested by members to chair in the absence of Ms A S Hammond.

Resources Committee	Meetings attended	Out of a possible
Ms T Alam (Chair)	6	7
Mr P A Leslie	7	7
Mr N Beighton	6	7
Ms C L Parry	7	7

Governance statement 31 August 2021

Governance (continued)

The Growth and Governance Committee met a number of times in the first part of the period. Subsequent meetings have taken the form of a number of committee members attending a Project Group, which is reviewing the possibility of a merger with a local primary Trust. These meetings are not formally minuted and do not only include committee members, hence they are not listed below.

Growth and Governance Committee	Meetings attended	Out of a possible
Mr P A Leslie (Chair)	3	3
Mr N Beighton	3	3
Ms A S Hammond	3	3
Ms C L Parry	3	3

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

Board and Committee meetings have been well attended throughout the year. Agenda items have been carefully prepared and circulated using the Trust's secure electronic systems in advance. The meetings have debated each matter effectively leading to appropriate decision making by the Trust. There were a total of seven Board meetings, seven Resources committee meetings, four Standards committee meetings and three Growth and Governance meetings during the last 12 months.

The Board of Trustees has ensured effective representation on each committee and the minutes of each future meeting will be circulated at the next available Board meeting. Trustees believe this structure currently enables effective oversight of the Trust.

Review of Value for Money

As Accounting Officer, the Chief Executive has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

The Standards Committee has met four times in this period to assess performance and offer challenge and guidance. The Trust has a robust tracking system in all its schools for monitoring progress and ultimately achievement and is continually looking at how data can inform staff and support and extend the learning of all pupils and students.

Review of Value for Money (continued)

The Resources Committee has met seven times in this period to assess the needs of the Trust. The Trust has a rolling programme of review of all contracts for goods and services. Where an advantage can be gained the Trust will procure common suppliers to operate across all schools (e.g. Health and Safety advisory service). Our policy requires contracts to be re-tendered at the end of their term.

Financial monitoring reports are prepared routinely. They are provided to the Headteachers the Chief Executive, and the Chief Finance Officer. Each term, a consolidated report is scrutinised by the Resources Committee together with a rigorous financial appraisal of contracts recently agreed. Appropriate local and national benchmarking data is available to support decisions that are reached.

Adhering to principles recommended in PPN02/20 and 04/20 notices issued during the year due to Covid-19, the Trust continued to pay suppliers who were able to continue to deliver services and allowed reasonable adjustments to be implemented to service delivery during the year.

Where suppliers were claiming from the furlough scheme, reasonable adjustments were made to those suppliers and a top up of the remaining 20% of the employees were covered by the Trust.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Newham Community Schools Trust up to the date of approval of the annual report and financial statements. The Trust uses an external provider, Schools Choice, to support this process across the schools.

Capacity to handle risk

The Trustees have reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board, as is the published Risk Register.

The risk and control framework

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

- ◆ comprehensive budgeting which is reviewed and agreed by the Board of Trustees together with periodic monitoring of relevant financial reports
- ◆ regular financial monitoring by the Resources Committee of financial performance against the budget and forecasts of revenue expenditure and capital 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

In line with the Academies Financial Handbook, an internal audit review was completed in the current academic year based on the perceived risks to the Trust.

During the financial year, internal assurance/scrutiny services were provided by Schools Choice. A provider that was independent of the Trust's external auditors was selected as best practice, and in advance of the revision to the Ethical Standards (effective 01 September 2020).

The internal assurance role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On an annual basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. No material weaknesses were identified this year. The scope of the work undertaken at Sarah Bonnell School was determined by the Local Governing Body, with guidance from the Finance Lead.

Governance statement 31 August 2021

Review of effectiveness

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

- ♦ the financial management and governance self-assessment process; and
- ♦ the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been assisted with his review of the system of internal control by the Resources Committee.

Should weaknesses be identified in the future, action plans will be developed to ensure the continuous improvement of the systems of control are put in place.

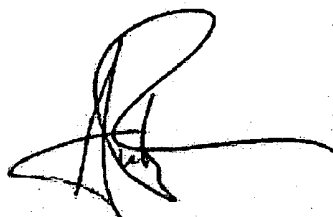
Approved by order of the members of the Board of Trustees on 10th Feb. 2021 and signed on its behalf by



(Chairman)

Paul Leslie

1 December 2021



(Accounting Officer)

Anthony Wilson

1 December 2021

Statement of regularity, propriety and compliance 31 August 2021

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Newham Community Schools 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 2020.

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 2020.

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



Accounting Officer

Date: 1/12/21

Anthony Wilson

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the Directors of Newham Community Schools Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with the Annual Accounts Direction published by the Education & Skills Funding Agency (ESFA), United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these Financial Statements, the Trustees are required to

- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities' SORP 2015 and the Academies Accounts Direction 2020 to 2021;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

Statement of Trustees' responsibilities 31 August 2021

Approved by order of the members of the Board of Trustees on 1/12/21 and
signed on its behalf by:



Chairman

Paul Leslie

1 December 2021

Independent auditor's report 31 August 2021

Independent auditor's report to the members of Newham Community Schools Trust

Opinion

We have audited the financial statements of Newham Community Schools Trust (the 'charitable company') for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP 2019) and the Academies Accounts Direction 2020 to 2021.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its income and expenditure, for the period then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2020 to 2021.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Independent auditor's report 31 August 2021

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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report including the strategic report.

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

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

Independent auditor's report 31 August 2021

Matters on which we are required to report by exception (continued)

- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the charitable company through discussions with management, and from our knowledge of the academy trust sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;

Independent auditor's report 31 August 2021

Auditor's responsibilities for the audit of the financial statements (continued)

- ◆ we considered the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP 2019, the Academies Accounts Direction 2020 to 2021, the Academies Financial Handbook 2020, and the academy trust's funding agreement with the ESFA as well as legislation pertaining to safeguarding in the UK;
- ◆ we understood how the charitable company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of the minutes of trustees' meetings and papers provided to the trustees.
- ◆ we planned and carried out a separate limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

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

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

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

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

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reviewing the minutes of trustees' meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims;
- ◆ reviewing any available correspondence with Ofsted, ESFA and HMRC; and

Independent auditor's report 31 August 2021

Auditor's responsibilities for the audit of the financial statements (continued)

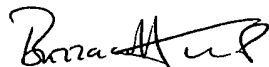
- ♦ the work undertaken in relation to the limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. International Standards on Auditing also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

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

Use of our report

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



30.12.2021

Edward Finch (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Independent Reporting Accountant's Assurance Report on Regularity to Newham Community Schools Trust Limited and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 29 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Newham Community Schools Trust during the year 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 Newham Community Schools Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Newham Community Schools 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 Newham Community Schools Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Newham Community Schools Trust accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Newham Community Schools Trust's funding agreement with the Secretary of State for Education dated 1 July 2018 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA.

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.

Independent reporting accountant's report 31 August 2021

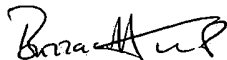
Approach (continued)

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament or the financial transactions do not conform to the authorities which govern them.



30.12.2021

Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Statement of financial activities Year to 31 August 2021
(including income and expenditure account)

		Restricted funds				
	Notes	Unrestricted funds £'000	General funds £'000	Fixed asset fund £'000	2021 Total funds £'000	2020 Total funds £'000
Income from:						
Donations and capital grants	1	23	—	523	546	438
Transfer on conversion	21	3,002	(2,774)	65,000	65,228	—
Charitable activities						
. Funding for the Academy Trust's educational operations	2	142	17,274	—	17,416	9,455
Other trading activities	3	47	—	—	47	48
Investment income		—	—	—	—	1
Total income		3,214	14,500	65,523	83,237	9,942
Expenditure on:						
Charitable activities:						
. Academy Trust's educational operations	5	—	17,874	1,473	19,347	10,804
Total expenditure	4	—	17,874	1,473	19,347	10,804
Net income (expenditure)		3,214	(3,374)	64,050	63,890	(862)
Transfers between funds	14	(628)	—	628	—	—
Other recognised gains and losses						
Actuarial losses on defined benefit pension scheme	20	—	(1,133)	—	(1,133)	(429)
Net movement in funds		2,586	(4,507)	64,678	62,757	(1,291)
Reconciliation of funds						
Total fund balances brought forward at 1 September		1,040	(2,146)	17,885	16,779	18,070
Total fund balances carried forward at 31 August	14	3,626	(6,653)	82,563	79,536	16,779

All of the Academy Trust's activities derive from continuing operations during the current financial year.

The Academy Trust has no recognised gains or losses other than those shown above.

Balance sheet 31 August 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed assets					
Intangible assets	9		—		1
Tangible assets	10		<u>82,563</u>		<u>17,884</u>
			82,563		17,885
Current assets					
Debtors	11	783		1,100	
Cash at bank and in hand		<u>4,690</u>		<u>1,828</u>	
		5,473		2,928	
Liabilities					
Creditors: amounts falling due within one year	12	<u>(984)</u>		<u>(1,300)</u>	
Net current assets			<u>4,489</u>		<u>1,628</u>
Total assets less current liabilities			87,052		19,513
Creditors: amounts falling due after more than one year	13		<u>(14)</u>		<u>(15)</u>
Net assets excluding pension scheme liability			87,038		19,498
Defined benefit pension scheme liability	20		<u>(7,502)</u>		<u>(2,719)</u>
Total net assets			<u>79,536</u>		<u>16,779</u>
Funds of the Academy Trust					
Restricted funds					
. Fixed assets fund	14		82,563		17,885
. Restricted income fund	14		849		573
. Pension reserve	14		<u>(7,502)</u>		<u>(2,719)</u>
Total restricted funds			<u>75,910</u>		<u>15,739</u>
Unrestricted funds					
. Unrestricted funds	14		3,626		312
. Designated funds	14		—		728
Total funds			<u>79,536</u>		<u>16,779</u>

The financial statements on page 31 to 58 were approved by the Trustees, and authorised for issue on 1 December 2021 and are signed on their behalf by:



Paul Leslie, 1 December 2021

Newham Community Schools Trust

Company Limited by Guarantee

Registration Number: 09896221 (England and Wales)

Statement of cash flows Year to 31 August 2021

		2021 £'000	2020 £'000
Cash flows from operating activities			
Net cash provided by operating activities	A	3,491	723
Cash flows from investing activities	B	(629)	(804)
Change in cash and cash equivalents in the year		2,862	(81)
Cash and cash equivalents at 1 September		1,828	1,909
Cash and cash equivalents at 31 August		4,690	1,828

A Reconciliation of net expenditure to net cash flow from operating activities

	2021 £'000	2020 £'000
Net expenditure for the year	63,890	(862)
Adjusted for:		
Inherited pension (surplus)/deficit	2,774	—
Inherited tangible assets	(65,000)	—
Amortisation	1	1
Depreciation charges	1,473	973
Capital grants from DfE and other capital income	(523)	(437)
Interest receivable	—	(1)
Defined benefit pension scheme cost less contributions payable	805	435
Defined benefit pension scheme finance cost	71	96
Decrease/(increase) in debtors	317	(257)
(Decrease)/increase/in creditors	(317)	775
Net cash provided by operating activities	3,491	723

B Cash flows from investing activities

	2021 £'000	2020 £'000
Dividends, interest and rents from investments	—	1
Purchase of tangible fixed assets	(1,152)	(1,242)
Capital grants from DfE/ESFA	523	437
Net cash used in investing activities	(629)	(804)

C Analysis of cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	4,690	1,828
Total cash and cash equivalents	4,690	1,828

Statement of cash flows Year to 31 August 2021

D Analysis of changes in net debt

	At 1 September 2020 £'000	Cash flows £'000	At 31 August 2021 £'000
Cash	1,828	2,862	4,690
Loans due within more than one year	(15)	1	(14)
Total	1,813	2,863	4,676

Statement of accounting policies 31 August 2021

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.

Basis of preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), 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 (FRS102) (Charities SORP (FRS102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

These financial statements are presented in sterling to the nearest thousand pounds.

The comparative figures are for the year ended 31 August 2020.

Going concern

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

Income

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

Grants

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

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

Statement of accounting policies 31 August 2021

Income (continued)

Grants (continued)

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

Sponsorship income

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

Donations

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

Other income

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

Where assets are received by the Academy Trust on the conversion of Local Authority maintained school to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risk and rewards of ownership pass to the Trust. An equal amount of income is recognised as a transfer on conversion within income from donations and capital grants.

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 are 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

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 stated net of recoverable VAT.

Statement of accounting policies 31 August 2021

Intangible fixed assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, from the date the asset is brought into use, as follows:

- ♦ Purchased computer software 3 years

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, from the date the asset is brought into use. Where there are specific conditions attached to the funding requiring the continued use of the asset, the required 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 land and buildings have transferred into the Academy Trust, they are recognised in the Statement of Financial Activities on the date of the transfer, with the equal value recognised as a fixed asset on the Balance Sheet.

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

- ♦ Freehold buildings 50 years
- ♦ Long leasehold buildings 10 - 23 years
- ♦ Fixtures, fittings & equipment 5 years
- ♦ Computer hardware 3 years

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

Debtors

Debtors are recognised at their settlement amount less any provision for non-recoverability. Prepayments are valued at the amounts prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand.

Statement of accounting policies 31 August 2021

Liabilities

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

Provisions

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

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

Leased assets

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

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 13 and 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

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.

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use the defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate Trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to 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 asset/liability is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on scheme assets and the actual return on scheme assets is recognised in other recognised gains and losses.

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

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the 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 Education and Skills Funding Agency, Department for Education or other funders where the asset acquired or created is held for a specific purpose.

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.

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

- ◆ ***LGPS defined benefit liability***

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions includes the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact the carrying amount of the pension liability.

- ◆ ***Tangible Fixed Assets***

The net book value of tangible fixed assets is based on the original cost / value of the asset net of provision for depreciation, or the value on transfer into the Academy Trust. The depreciation provision to date is based on the Trustees' assessment of the estimated useful economic lives of such assets.

Notes to the financial statements Year to 31 August 2021

1 Donations and capital grants

	Unrestricted funds £'000	Restricted fixed assets funds £'000	2021 Total funds £'000	2020 Total funds £'000
Capital grants	—	523	523	437
Other donations	23	—	23	1
	23	523	546	438

	Unrestricted funds £'000	Restricted fixed assets funds £'000	2020 Total funds £'000
Capital grants	—	437	437
Other donations	1	—	1
	1	437	438

2 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000	2020* Total funds £'000
DfE/ESFA revenue grants				
General Annual Grant (GAG)	—	14,085	14,085	8,055
Other DfE/ESFA grants				
• Pupil Premium	—	881	881	592
Other DfE Group grants				
• Others	—	1,363	1,363	599
Start Up Grant	—	175	175	—
	—	16,504	16,504	9,246
Other Government grants				
Local authority grants	—	520	520	125
	—	520	520	125
Other income from the Academy Trust's educational operations	142	—	142	84
COVID-19 additional funding (DfE/ESFA)				
Catch-up premium	—	163	163	—
Other DfE/ESFA COVID-19 funding	—	77	77	—
	—	240	240	—
COVID-19 additional funding (non DfE/ESFA)				
Other COVID-19 funding	—	10	10	—
	—	10	10	—
2021 total funds	142	17,274	17,416	9,455

Notes to the financial statements Year to 31 August 2021

2 Funding for the Academy Trust's educational operations (continued)

The trust received £163k of funding for catch-up premium and costs incurred in respect of this funding totalled £157k, with the remaining £6k to be spent in 2021/22.

*Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department for Education and ESFA, the Academy Trust's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000
DfE/ESFA revenue grants			
General Annual Grant (GAG)	—	8,055	8,055
Other DfE/ESFA grants			
Pupil Premium	—	592	592
Other DfE Group grants			
Others	—	599	599
	—	9,246	9,246
Other Government grants			
Local authority grants	—	125	125
	—	125	125
Other income from the Academy Trust's educational operations	27	57	84
	27	57	84
2020 total funds	27	9,428	9,455

Notes to the financial statements Year to 31 August 2021

3 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000	2020 Total funds £'000
Hire of facilities	1	—	1	12
Trip income	2	—	2	28
Music services income	44	—	44	8
	47	—	47	48

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000
Hire of facilities	12	—	12
Trip income	28	—	28
Music services income	8	—	8
	48	—	48

4 Expenditure

	Staff costs £'000	Non pay expenditure		2021 Total funds £'000	2020 Total funds £'000
		Premises £'000	Other costs £'000		
Academy's educational operations:					
Direct costs	11,097	1,474	1,157	13,728	7,544
Allocated support costs	2,152	1,949	1,518	5,619	3,260
	13,249	3,423	2,675	19,347	10,804

	Staff costs £'000	Non pay expenditure		2020 funds £'000
		Premises £'000	Other costs £'000	
Academy's educational operations:				
Direct costs	5,952	974	618	7,544
Allocated support costs	1,594	882	784	3,260
	7,546	1,856	1,402	10,804

Notes to the financial statements Year to 31 August 2021

4 Expenditure (continued)

	2021 Total funds £'000	2020 Total funds £'000
Net income (expenditure) for the period includes:		
Operating lease rentals	68	19
Depreciation (note 11)	1,473	973
Amortisation (note 10)	1	1
Fees payable to auditor for:		
- audit	13	12

5 Charitable activities - Academy's educational operations

	2021 Total funds £'000	2020 Total funds £'000
Direct costs	13,728	7,544
Support costs	5,619	3,260
	19,347	10,804

	2021 Total funds £'000	2020 Total funds £'000
Analysis of support costs		
Support staff costs	2,152	1,594
Technology costs	135	—
Premises costs	1,949	882
Other support costs	929	571
Governance costs	454	213
Total support costs	5,619	3,260

Notes to the financial statements Year to 31 August 2021

6 Staff

(a) Staff costs

Staff costs during the year were:

	2021 Total funds £'000	2020 Total funds £'000
Wages and salaries	8,895	5,266
Social security costs	932	552
Pensions	2,493	1,405
Apprenticeship levy	18	12
	<u>12,338</u>	<u>7,235</u>
Staff supply costs	889	311
Staff restructuring costs	22	—
	<u>13,249</u>	<u>7,546</u>
	2021 Total funds £'000	2020 Total funds £'000
Redundancy payments	14	—
Severance payments	8	—
	<u>22</u>	<u>—</u>

A non-statutory severance payment of £8,000 was made to one member of staff in year.

(b) Staff numbers

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

	2021 No.	2020 No.
Teachers	132	74
Administration and support	158	74
Management	22	9
	<u>312</u>	<u>157</u>

(c) Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 3. The total cost of employment (including employer pension and national insurance contributions) in respect of key management personnel for their services to the Academy Trust was £739,176 (2020 - £480,787).

Notes to the financial statements Year to 31 August 2021

6 Staff (continued)

(d) Higher paid staff

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

	2021 No.	2020 No.
£60,001 - £70,000	12	14
£70,001 - £80,000	6	2
£80,001 - £90,000	3	3
£100,001 - £110,000	1	1

7 Related party transactions – Trustees' remuneration and expenses

During the year ended 31 August 2021, no Trustees were paid remuneration or received other benefits from an employment with the Academy Trust (2020 - none).

During the year ended 31 August 2021 no travel or subsistence expenses were reimbursed to Trustees (2020 - none).

Other related party transactions involving the Trustees are set out in note 22.

8 Trustees' and officers' insurance

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

9 Intangible fixed assets

	Computer software £'000	Total £'000
Cost		
At 1 September 2020 and at 31 August 2021	3	3
Amortisation		
At 1 September 2020	2	2
Charge in year	1	1
At 31 August 2021	3	3
Carrying amount		
At 31 August 2020	1	1
At 31 August 2021	—	—

Notes to the financial statements Year to 31 August 2021

10 Tangible fixed assets

	Freehold land and buildings £'000	Leasehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Assets under construction £'000	Total funds £'000
Cost						
At 1 September 2020	—	17,916	184	349	1,380	19,829
Donated assets on acquisition	65,000	—	—	—	—	65,000
Additions	—	89	76	233	754	1,152
At 31 August 2021	65,000	18,005	260	582	2,134	85,981
Depreciation						
At 1 September 2020	—	1,572	152	221	—	1,945
Charge in year	520	789	14	150	—	1,473
At 31 August 2021	520	2,361	166	371	—	3,418
Net book value						
At 31 August 2020	—	16,344	32	128	1,380	17,884
At 31 August 2021	64,480	15,644	94	211	2,134	82,563

Eastlea Community School joined the Trust during 2020/21 after transferring from the local authority. The value of the buildings transferred on conversion is included within tangible fixed assets. Further details of this transfer are included in note 21.

11 Debtors

	2021 £'000	2020 £'000
Trade debtors	32	169
VAT recoverable	132	187
Other debtors	—	13
Prepayments and accrued income	619	731
	783	1,100

12 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	478	451
Taxation and social security	—	3
Other creditors	95	56
Accruals and deferred income	411	790
	984	1,300
Deferred income		
Deferred income at 1 September 2020	238	185
Released during the year	(238)	(185)
Resources deferred in the year	227	238
Deferred income at 31 August 2021	227	238

Notes to the financial statements Year to 31 August 2021

12 Creditors: amounts falling due within one year (continued)

At the balance sheet date the Academy Trust was holding funds received in advance for Growth Funding of £168,000 (2020 - £168,000), rates relief of £nil (2020 - £25,000) and High Needs Funding of £59,000 (2020 - £14,000) which relate to the 2021/22 year, alongside monies held for trips and music lessons.

13 Creditors: amounts falling due in greater than one year

	2021 £'000	2020 £'000
Loans	14	15
	14	15

Loans comprise a Condition Improvement Fund loan of £15,000 from the ESFA which is repayable over 5 years to 2024 and carries interest at Public Works Loan Board rate currently at 2.01%.

Notes to the financial statements Year to 31 August 2021

14 Funds

	Balance at 1 September 2020 £'000	Income £'000	Expenditure £'000	Gains (losses) and transfers £'000	Balance at 31 August 2021 £'000
Restricted general funds					
. General Annual Grant (GAG)	573	14,085	(13,809)	—	849
Other DfE / ESFA grants					
. Pupil Premium	—	881	(881)	—	—
Catch-up premium	—	163	(163)	—	—
Other DfE/ESFA COVID-19 funding	—	77	(77)	—	—
Other COVID-19 funding	—	10	(10)	—	—
Start up grant	—	175	(175)	—	—
. Other grants	—	1,363	(1,363)	—	—
. Pension reserve	(2,719)	(2,774)	(876)	(1,133)	(7,502)
	<u>(2,146)</u>	<u>13,980</u>	<u>(17,354)</u>	<u>(1,133)</u>	<u>(6,653)</u>
Other restricted funds					
Local authority grants	—	520	(520)	—	—
	<u>—</u>	<u>520</u>	<u>(520)</u>	<u>—</u>	<u>—</u>
Total restricted funds	<u>(2,146)</u>	<u>14,500</u>	<u>(17,874)</u>	<u>(1,133)</u>	<u>(6,653)</u>
Restricted fixed assets fund					
. Transfer on conversion	16,515	65,000	(1,309)	—	80,206
. DfE group capital grants	1,229	523	(164)	—	1,588
. Capital expenditure from designated funds	141	—	—	628	769
	<u>17,885</u>	<u>65,523</u>	<u>(1,473)</u>	<u>628</u>	<u>82,563</u>
Unrestricted funds					
Unrestricted funds	312	3,214	—	100	3,626
Designated funds	728	—	—	(728)	—
Total unrestricted funds	<u>1,040</u>	<u>3,214</u>	<u>—</u>	<u>(628)</u>	<u>3,626</u>
Total funds	<u>16,779</u>	<u>83,237</u>	<u>(19,347)</u>	<u>(1,133)</u>	<u>79,536</u>

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

The General Annual Grant (GAG) and other restricted funds are for the operational activities of the school. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021. Other funds relate to monies received for specific purposes such as pupil premium funding.

The pension reserve represents the Academy Trust's defined pension scheme liability.

The restricted fixed asset funds represent the net book value of the fixed assets held by the Academy Trust and unspent capital funding received to carry out works of a capital nature.

Notes to the financial statements Year to 31 August 2021

14 Funds (continued)

Designated funds has been set aside for capital works on the Music Hub. As this project has now finished, remaining funds have been released to unrestricted funds.

The Trust is carrying a net surplus of £849,000 (2020 - £573,000) on restricted general funds (excluding pension and restricted fixed asset fund), £3,626,000 (2020 - £312,000) on unrestricted funds and £nil (2020 - £728,000) on designated funds.

Comparative information

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

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains (losses) and transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
General Annual Grant (GAG)	441	8,055	(7,927)	4	573
Pupil Premium	—	592	(592)	—	—
Other restricted funds	4	—	—	(4)	—
Other grants	—	781	(781)	—	—
Pension reserve	(1,759)	—	(531)	(429)	(2,719)
	<u>(1,314)</u>	<u>9,428</u>	<u>(9,831)</u>	<u>(429)</u>	<u>(2,146)</u>
Restricted fixed assets fund					
Transfer on conversion	17,304	—	(789)	—	16,515
DfE group capital grants	976	437	(184)	—	1,229
Capital expenditure from designated funds	—	—	—	141	141
	<u>18,280</u>	<u>437</u>	<u>(973)</u>	<u>141</u>	<u>17,885</u>
Total restricted funds	<u>16,966</u>	<u>9,865</u>	<u>(10,804)</u>	<u>(288)</u>	<u>15,739</u>
Unrestricted funds					
Unrestricted funds	235	77	—	—	312
Designated funds	869	—	—	(141)	728
Total unrestricted funds	<u>1,104</u>	<u>77</u>	<u>—</u>	<u>(141)</u>	<u>1,040</u>
Total funds	<u>18,070</u>	<u>9,942</u>	<u>(10,804)</u>	<u>(429)</u>	<u>16,779</u>

Notes to the financial statements Year to 31 August 2021

14 Funds (continued)

Analysis of fund balance by academy

	2021 £'000	2020 £'000
Fund balances at 31 August were as follows:		
Sarah Bonnell	1,217	1,613
Eastlea Community School	3,216	—
Central trust	42	—
Total before fixed assets and pension reserve	4,475	1,613
 Restricted fixed asset fund	 82,563	 17,885
Pension reserve	(7,502)	(2,719)
Total funds	79,536	16,779

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 2021 £'000
Sarah Bonnell	5,606	1,790	649	1,722	9,767
Eastlea Community School	3,800	1,235	499	1,547	7,081
Central services	805	14	10	197	1,026
Total net assets	10,211	3,039	1,158	3,466	17,874

15 Analysis of net assets between funds

Fund balances at 31 August 2021 are represented by:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Fund balances at 31 August 2021 are:				
Tangible fixed assets	—	—	82,563	82,563
Current assets	3,626	1,847	—	5,473
Current liabilities	—	(984)	—	(984)
Non-current liabilities	—	(14)	—	(14)
Pension scheme liability	—	(7,502)	—	(7,502)
Total net assets	3,626	(6,653)	82,563	79,536

Notes to the financial statements Year to 31 August 2021

16 Analysis of net assets between funds (continued)

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
<i>Fund balances at 31 August 2020 are:</i>				
<i>Tangible fixed assets</i>	—	—	17,884	17,884
<i>Intangible fixed assets</i>	—	—	1	1
<i>Current assets</i>	1,040	1,888	—	2,928
<i>Current liabilities</i>	—	(1,300)	—	(1,300)
<i>Non-current liabilities</i>	—	(15)	—	(15)
<i>Pension scheme liability</i>	—	(2,719)	—	(2,719)
<i>Total net assets</i>	1,040	(2,146)	17,885	16,779

17 Capital commitments

	2021 £'000	2020 £'000
Contracted for, but not provided in the financial statements		
Building expansion project	564	420
	564	420

18 Commitments under operating leases

Operating leases

At 31 August 2021 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £'000	2020 £'000
Amounts due within one year	98	4
Amounts due between one and five years	126	—
	222	4

19 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.

20. Pension and similar obligations —

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

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 period. 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.

The latest actuarial valuation of the TPS related to the period ended 31 March 2019 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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 teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

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

Valuation of the Teachers' Pension Scheme

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

20 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme (continued)

The employer's pension costs paid to TPS in the period amounted to £952,000 (2020 - £747,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pension Scheme website.

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 (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the period ended 31 August 2021 was £686,000 (2020 - £338,000), of which employer's contributions totalled £523,000 (2020 - £249,000) and employees' contributions totalled £163,000 (2020 - £89,000). The assets and liabilities transferred into the Academy Trust from the conversion of a local authority maintained school total a liability of £2,774,000.

The agreed contribution rates for future years are 25.6% for employers and a variable % for employees.

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

Principal actuarial assumptions

	At 31 August 2021 p.a.	At 31 August 2020 p.a.
Rate of increase in salaries	3.85%	3.25%
Rate of increase for pensions in payment/inflation	2.85%	2.25%
Discount rate for scheme liabilities	1.70%	1.90%

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

	At 31 August 2021	At 31 August 2020
<i>Retiring today</i>		
Males	21.4	21.3
Females	24.0	23.9
<i>Retiring in 20 years</i>		
Males	22.9	22.8
Females	25.6	25.5

Notes to the financial statements Year to 31 August 2021

20 Pension and similar obligations (continued)

Principal actuarial assumptions (continued)

The approximate increase in the defined benefit liability given the below changes in actuarial assumptions is as follows:

	At 31 August 2021 £	At 31 August 2020 £
Sensitivity analysis		
Discount rate +0.1%	(63)	(26)
Discount rate -0.1%	64	26
Mortality assumption – 1 year increase	76	29
Mortality assumption – 1 year decrease	(74)	(28)
CPI rate +0.1%	64	26
CPI rate -0.1%	(61)	(27)

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

	Fair value at 31 August 2021 £'000	Fair value at 31 August 2020 £'000
Equities	2,165	820
Gifts	291	77
Corporate bonds	—	149
Property	341	149
Cash and other liquid assets	199	107
Other	550	248
Total market value of assets	3,546	1,550
Present value of scheme liabilities funded	(11,048)	(4,269)
Deficit in the scheme	(7,502)	(2,719)

The actual return on scheme assets was £289,000 (2020 - £40,000).

	2021 £'000	2020 £'000
Amounts recognised in statement of financial activities		
Current service cost	1,328	684
Interest income	(43)	(24)
Interest cost	113	55
Admin expenses	1	1
Total amount recognised in the SOFA	1,399	716

Notes to the financial statements Year to 31 August 2021

20 Pension and similar obligations (continued)

Principal actuarial assumptions (continued)

Changes in the fair value of the Academy's share of scheme assets:	2021 £'000	2020 £'000
Fair value of scheme assets at 1 September 2020	1,550	1,083
Inherited assets from transfer on conversion	1,084	—
Interest income	43	24
Actuarial gain	246	109
Employer contributions	523	249
Employee contributions	163	89
Benefits paid	(63)	(4)
At 31 August 2021	3,546	1,550

Changes in the fair value of the Academy's share of scheme liabilities:	2021 £'000	2020 £'000
Scheme obligations as at 1 September 2020	4,269	2,843
Inherited liabilities from transfer on conversion	3,858	—
Current service cost	1,328	682
Interest cost	113	—
Employee contributions	163	89
Actuarial loss	1,379	604
Benefits paid	(62)	(4)
Plan introductions, benefit changes, curtailments and settlements	—	55
At 31 August 2021	11,048	4,269

21 Transfer from Local Authority on conversion

During the year ended 31 August 2021, Eastlea Community School joined the MAT. At the date of conversion to Academy status under the Academies Act 2010, the operations and assets and liabilities were transferred to the group for £nil consideration. The school joining the group in the year ended 31 August 2021 included a transfer of assets when joining.

The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate headings with a corresponding net amount recognised in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

Notes to the financial statements Year to 31 August 2021

21 Transfer from Local Authority on conversion (continued)

On 1 January 2021, Eastlea Community School converted to academy status.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets				
. Freehold land and buildings	—	—	65,000	65,000
. Leasehold land and buildings	—	—	—	—
. Other tangible fixed assets	—	—	—	—
 Budget surplus on LA funds	3,002	—	—	3,002
 LGPS pension deficit	—	(2,774)	—	(2,774)
Net assets / (liabilities)	3,002	(2,774)	65,000	65,228

22 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are in accordance with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The Sarah Bonnell Foundation ("the Foundation") is a legally separate charity which is, nevertheless, closely associated to the Academy Trust. The Foundation exists to promote the education (including social and physical training) of girls under the age of 25 years. During the year, income of £17,381 (2020 - £162,905) has been accrued by the Academy Trust in respect of trip expenditure for which a donation is expected from the Foundation. In year, a total of £185,666 was received from the Foundation, with £162,905 being the receipt of amounts previous accrued for, and the remaining £22,761 being amounts for use in 2020/21.

Newham Community Schools Trust and the Lister and Rokeby Federation have been operating under a 'hybrid' governance arrangement over a number of years. Anthony Wilson is currently employed by the Federation as CEO of the Trust. At the same time he is employed by Lister school in a capacity of Headteacher, and Lister school charges NCST for his service. Sarah Bonnell School made a contribution to Lister School for the services of the Chief Executive and Accounting Officer of £17,169 (2020 - £21,112).

After discussion with the ESFA during the 2019/20 academic year, the hybrid governance arrangement between Newham Community Schools Trust and the Lister and Rokeby Federation came to an end in Autumn 2020 to ensure appropriate separation of the two governing bodies.

Other than those disclosed in note 8, the Academy Trust did not enter into any related party transactions in the year.

Notes to the financial statements Year to 31 August 2021

23 Agency arrangements

There are no agency arrangements.

24 Comparative statement of financial activities for the year ended 31 August 2020

Analysis of income and expenditure in the period ended 31 August 2020 between restricted and unrestricted funds:

		<i>Restricted funds</i>			
	<i>Notes</i>	<i>Unrestricted funds £'000</i>	<i>General funds £'000</i>	<i>Fixed asset fund £'000</i>	<i>2020 Total funds £'000</i>
Income from:					
Donations and capital grants	1	1	—	437	438
Charitable activities					
· Funding for the academy's educational operations	2	27	9,428	—	9,455
Other trading activities	3	48	—	—	48
Investment income	4	1	—	—	1
Total income		77	9,428	437	9,942
Expenditure on:					
Raising funds		—	—	—	—
Charitable activities:					
· Academy's educational operations	6	—	9,831	973	10,804
Total expenditure	5	—	9,831	973	10,804
Net income (expenditure)		77	(403)	(536)	(862)
Transfers between funds	15	(141)	—	141	—
Other recognised gains and losses					
Actuarial losses on defined benefit pension scheme	20	—	(429)	—	(429)
Net movement in funds		(64)	(832)	(395)	(1,291)
Reconciliation of funds					
Total fund balances brought forward at 1 September 2019		1,104	(1,314)	18,280	18,070
Total fund balances carried forward at 31 August 2020	15	1,040	(2,146)	17,885	16,779

25 Post balance sheet events

After discussions with the ESFA, it has been confirmed that Lister Community School and Rokeby School will join the Trust from 1 December 2021.