

Company Registration Number: 11154851 (England & Wales)

EKC SCHOOLS TRUST LIMITED
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021



EKC SCHOOLS TRUST LIMITED
(A Company Limited by Guarantee)

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EKC SCHOOLS TRUST LIMITED
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	Beverley Aitken Charles Buchanan Patrick Hollis Kristina Yates (appointed 9 August 2021) Semih Ozyurt (appointed 9 August 2021)
Trustees	Jonathan Clarke, Chair of Trustees Peter Goldsack (appointed 22 September 2020) Bernadette Lax (appointed 22 September 2020) Christopher Legg (retired 30 September 2020) Summer Macer (retired 4 December 2020) Tammy Mitchell, CEO & Accounting Officer Graham Razey Peter Troke Hannah Tudor Paul Wilson Chris Argent (appointed 11 January 2021) Michael Ashley (appointed 15 July 2021) Suzanne Hollett (appointed 15 July 2021)
Company registered number	11154851
Company name	EKC Schools Trust Limited
Principal and registered office	Broadstairs College Ramsgate Road Broadstairs Kent CT10 1PN
Company secretary	EKC Group
Chief executive officer	Tammy Mitchell
Chief financial officer	Jonathan Cresswell (resigned 30 September 2020)
Chief financial officer	Christopher Legg (appointed 1 October 2020)
Senior management team	Tammy Mitchell, Chief Executive Officer and Accounting Officer Andrew Harrison, Head Teacher, Bysing-wood Primary School Barbara Conroy, Head Teacher, Queenborough Primary School Darran Callaghan, Head Teacher, Holywell Primary School Nicola Murrell, Head Teacher, Briary Primary School Jason Howard, Deputy Head, Queenborough Primary School

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Independent auditors MHA MacIntyre Hudson
Victoria Court
17-21 Ashford Road
Maidstone
Kent
ME14 5DA

Bankers Santander UK plc
Bridle Road
Bootle
Merseyside
L30 4GB

EKC SCHOOLS TRUST LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the years 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 Academy Trust operates four primary academies in East and South Kent; Briary Primary School in Herne Bay, Bysing Wood Primary School in Faversham, Holywell Primary School in Upchurch, Sittingbourne and Queenborough Primary School and Nursery on the Isle of Sheppey. The Academies have a combined pupil capacity of 1260 pupils and had a combined roll of 1,085 in September 2021.

All of the Academies are Ofsted rated Good or better.

Structure, governance and management

a. Constitution

The Academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Trust deed is the primary governing document of the Academy.

The Trustees of EKC Schools Trust Limited are also the directors of the charitable company for the purposes of company law.

The charitable company is known as the EKC Schools Trust.

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

b. 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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

c. Method of recruitment and appointment or election of Trustees

The number of Trustees shall be not less than three but shall not be subject to any maximum.

The constitution of the Trust Board is as follows:

- Up to 2 Trustees appointed by the Members (on a skills basis)
- Up to 9 Trustees appointed by the Sponsor Body

Trustees may appoint Co-opted Trustees.

The Board make all necessary arrangements for the recruitment and appointment of Trustees. When appointing new Trustees, the Members and/or Trustees will give consideration to the skills and experience mix of existing Trustees in order to ensure the Trust Board has the necessary skills to contribute fully to the Trust's development. The Board requires depth of experience to carry out its duties effectively and efficiently. When recruiting new Trustees, the important attribute is a passion for the work of the Trust and its pupils.

The term of office for all Trustees is up to 4 years, except for the Chief Executive Officer, who will remain a member of the Board of Trustees whilst they serve in this capacity. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected at an Annual General Meeting.

d. Policies adopted for the induction and training of Trustees

The Director of Governance arranges an induction programme which includes activities such as meeting with the Chair of the Board for a vision and strategic priorities discussion, meeting with the CEO and senior team, meeting with the Director of Governance as a bespoke training around roles and responsibilities.

In addition, the Trust has a leadership programme which includes training sessions for Trustees, Members and Local Boards over the course of the academic year.

The Trust signs up to the Key and to Kent MAT Association and training opportunities are shared from these organisations with Trustees.

The Director of Governance oversee the Skills Audit and plans professional development opportunities for individual Trustees according to need.

The Trust keep a record of evaluations and impact on role.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

e. Organisational structure

The Board of Trustees believes that to fulfil its responsibilities effectively, it is essential that each member is committed to a shared vision for the Trust and that the Board of Trustees is working well as a team to achieve this. To help new Trustees to feel able to take an active part within the Board of Trustees and be valued as an equal member of the team, new trustees undergo a period of planned support to introduce them into their role.

- i. On behalf of the Chair, new Trustees receive a letter and information pack welcoming them to the Trust
- ii. The CEO invites the new Trustee to visit the Trust and experience its atmosphere and understand its ethos and receive an informal briefing on the Trust from the CEO to explain the partnership between, the CEO, EKC Group and the Board of Trustees.
- iii. When a new Trustee attends their first meeting, the Chair of Trustees welcomes them and introduces them to other Trustees. Trustees are asked to introduce themselves and describe any interests/experience they have, and the new Trustee is given opportunity to say something about themselves.
- iv. New Trustees are invited to join a relevant sub-committee of the Board, where vacancies exist. If they wish, they can be given the opportunity to attend and observe committee meetings to gain a deeper understanding of the work of the Trust.
- v. New Trustees complete a self-evaluation skills audit as part of their welcome pack. This helps to identify any potential areas for training and development to support them in their new role.

The Articles of Association set out the arrangements for the governance and management of the Trust. The Board of Trustees is responsible for the overall management and control of the Trust and meets four times a year (or more if required). The work of implementing most of their policies is carried out at sub-committee meetings of the Trust and the Trust's local governing bodies. The Chief Executive Officer, Chief Financial Officer and the Trust's Clerk are responsible for coordinating the strategic work of the Trustees and their sub-committees, preparation of meeting papers and management accounts and the review of matters arising. The Chief Executive Officer and the Chief Financial Officer are responsible for the operational management of the Trust. All Trustees give their time freely and no remuneration or expenses were paid in the year. No Trustee or person connected to a Trustee received any benefit from either means tested bursaries or scholarships awarded to pupils.

The Trustees determine the general policies of the Trust. The Chief Executive Officer undertakes the key leadership role overseeing educational, pastoral and administrative functions. The day to day administration of the Trust is undertaken within the policies and procedures approved by the Trustees, which provide for only significant expenditure decisions and major capital projects to be referred to the Trustees for prior approval.

The Board of Trustees meets at least four times per year. Roles and responsibilities are as stipulated in the Trust Funding Agreement and the Articles of Association. There are two additional Trust Committees - the Finance Committee and, the Risk, Audit and Compliance Committee – each with their own terms of reference, which are agreed annually at the first meeting of each academic year.

The Trustees delegate the day to day operation of the Trust to the Senior Leadership Team, which for the year ended 31 August 2020 comprised the Chief Executive Officer and Chief Financial Officer. Each has their own particular area of the Trust to lead and this is reviewed annually. The staffing structure, including responsibilities, is reviewed on an annual basis.

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TRUSTEES' REPORT (CONTINUED)
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Structure, governance and management (continued)

f. Arrangements for setting pay and remuneration of key management personnel

The Trustees consider the Board of Trustees, Chief Executive Officer and Chief Financial Officer as comprising the key management personnel of the Trust in charge of directing and controlling the Trust; and running and operating on a day to day basis. All Trustees give their time freely and no Trustee remuneration was paid during the year, except for the Chief Executive Officer, who is remunerated whilst they serve in this capacity.

Trustees are required to disclose all relevant interests and register them with the Clerk and, in accordance with the Trust's policy, withdraw from decisions where a conflict of interest arises.

The Board of Trustees has responsibility for establishing the Trust's pay policy, ensuring its application in practice and reviewing it on an annual basis, including pay awards. The Board of Trustees is also responsible for determining the annual pay budget.

The Board is presented with key performance indicators to enable Trustees to monitor the progress of the Trust against its strategic targets.

The Chief Executive Officer was the Accounting Officer.

The role of Clerk to EKC Schools Trust was undertaken by the Director of Governance to EKC Group during the year.

Objectives and activities

a. Objects and aims

In setting the Trust's objectives and planning their activities the Trustees have given careful consideration to the charity commission general guidance on public benefit.

The Board, and all staff, adhere to the Nolan Principles for Public Life and these are promoted across the organisation.

The principal object and activity of the charitable company is the operation of the four schools to provide education for pupils of all abilities between the ages of 2 and 11. The objects as specified in the Trust's articles of association are as follows:

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum ("the Mainstream Academies") or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative education is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs (SEN) ("the Special Academies").

In accordance with the articles of association the charitable company has entered into a Funding Agreement with the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis for admitting pupils to the schools, arrangements for pupils with SEN and disabilities and that the curriculum provided to pupils shall be broad and balanced.

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Objectives and activities (continued)

b. Objectives, strategies and activities

EKC Schools Trust's vision is to raise the aspiration of all within the communities we serve, enabling everyone to access the highest quality educational provision that can help them to achieve their personal ambitions. We believe our schools must retain their sense of place and their local community identities.

We believe our moral purpose is to strengthen the opportunities available for everyone within our communities. Our ability to deliver a range of core services is one of the key benefits for all schools joining the EKC Schools Trust.

The Trust is underpinned by its core purpose:

1. To enrich curriculum through partnership and collaboration
2. To strengthen and enhance our communities
3. To maximise and achieve the potential of every learner
4. To enable the power of education to inspire

The key priorities last academic year were;

1. Quality of Education:

Ensure the curriculum design and provision meets the needs of all pupils within individual academies as a key aspect to the COVID 19 recovery plan in each school.

2. Behaviour and Attitudes:

Improve rates of attendance for the most vulnerable groups of pupils within the Trust, specifically those most disadvantaged and those with SEND so the typical rates of attendance are 96% and differences between non disadvantaged and disadvantaged pupils are diminishing in all Trust schools.

3. Personal Development:

Embed Academy level improvement plans for enhancing the language and vocabulary development of all pupils across the Trust to improve personal development.

4. Leadership & Management:

Establish programmes within the Trust to provide effective professional development for all leaders through sharing best practice and utilising capacity from where leadership is strong, particularly at middle leadership level.

5. Trust Growth Strategy:

Further strengthen the Trust's long-term sustainability through growth over the next academic year.

6. Trust Level Organisational Development:

Embed systems, structures and processes of the Trust's operations to ensure highly effective provision at Trust level for all academies.

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TRUSTEES' REPORT (CONTINUED)
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Objectives and activities (continued)

c. Public benefit

We have referred to the guidance in the Charity Commission general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that they have set. The main activity of the charitable company is the operation of the Trust's schools and educational activity. The purpose is to provide a rich and relevant education for pupils in our communities that enables them to be successful in their next stage of learning.

Strategic report

Achievements and performance

a. Key performance indicators

Progress towards the achievement of objectives is monitored at regular intervals. During the period the Trust served 1,150 pupils.

None of the schools were inspected in this initial period and, due to Covid-19, there have been no statutory assessments or validated data to judge school performance.

A significant proportion of the academic year was focused on supporting the schools and their communities through the pandemic. All of the schools were closed for periods of National lockdown, opening to the most vulnerable pupils and key worker children. There was extensive support provided for the development of online learning alongside responding to continual changing guidance.

All objectives on the Strategic Plan were achieved, alongside a comprehensive professional development delivered across the Trust.

Governance has been developed and embedded and is now a strength of the Trust.

b. Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. The Trust has delivered a positive operating position after excluding pensions charges and depreciation of £271,001 in the year and had a cash balance of £1.29million at the balance sheet date. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

Financial Objectives

The Trust's financial objectives are:

- to achieve the budgeted EBITDA outcome for the year;
- to improve working capital to cover expenditure with a minimum current ratio of 1.0; and
- to control expenditure on staff salaries so that the total cost represents no more than 80% of income.

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Strategic report (continued)

These objectives have been monitored throughout the year by the Trustees (through the management accounts) and the Chief Financial Officer. The Group over-performed against its budgeted EBITDA outcome of -£86,000 for the year, with an EBITDA of £220,000, out-performed the current ratio objective for the year ended 31 August 2021 with an adjusted current ratio of 2.9:1 and came in below the 80% target level of staff costs as a percentage of income at 78.2%.

Financial Results

The Trust reports a net operating deficit of £545,525 after pensions adjustments (£551,000) have been taken into the Statement of Financial Activities. At 31 August 2021, the Trust had accumulated funds before pension reserve of £14,051,377 and a cash at bank balance of £1,290,308. The impact of the pension deficit on the Local Government Pension Scheme has been incorporated into the balance sheet and is reflected as a reduction in reserves of £4,180,000.

Cash flow and liquidity

The net cash inflow for the year is £464,329. This is made up of an operating cash inflow of £516,374 and net capital expenditure outflow of £52,045.

Government Funding

The Trust is heavily reliant on government grant funding, with over 98.6% of its income coming from government educational sources during the period.

a. Reserves policy

The Trust already has substantial positive reserves of £9,871,377, so the long-term financial plan focuses on following a strategy of maintaining the Trust's underlying cash holdings to continue to deliver a minimum current ratio of 1:1, whilst continuing to invest in improvements to the Trust.

At 31 August 2021 the total funds comprised:

Unrestricted		£78,367
Restricted:	Fixed asset funds	£13,090,310
	Pension reserve	(£4,180,000)
	Other	£882,700

		£9,871,377

b. Investment policy

The Trust does not undertake any investments with any surplus cash reserves.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

c. Principal risks and uncertainties

The Trust strives to continuously develop and improve its systems and processes for internal controls, particularly risk management.

The Trust has an established risk control system that links the identified high risks to the Trust's strategic aims and objectives, with progress being monitored by key performance indicators and the risk register. This direct linkage brings a sharp focus to key risks and has ensured that actions are mitigating these.

The current risks include:

1. Government funding

The Trust has a dependency on government funding of 98.6%. Whilst this is normal for a Multi Academy Trust, this leaves the Trust vulnerable to negative movements in funding rates and national pay settlements. This can only be mitigated by ensuring the Trust has a clear objective to be effective and efficient with its resources and optimising school place take-up.

2. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the Trust's balance sheet in line with the requirements of FRS102.

3. Pupil experience

With growing choice and competition for pupils, the experience that is delivered is often the determinant to differentiate between schools.

4. The effect of coronavirus on our local economies and communities

The pandemic is an ongoing operational challenge and remains a key and significant risk for the Trust. As a provider of education within East Kent, the Trust has a clear responsibility to the communities it serves and will ensure that it supports the continued growth and development of its local catchment areas.

Fundraising

The Trust does not use any external fundraisers and all internal fundraising undertaken during the year was monitored by the Trustees.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Plans for future periods

The main objectives for the year are focused around continual improvement of the Trust to support the core purpose of the Academies in providing the best education for our pupils. This falls into 6 key priority areas:

1. Quality of Education:

Develop and implement a Trust wide approach to assessment of the foundation subjects to ensure strong progress and outcomes for all pupils across the curriculum.

2. Behaviour and Attitudes:

Improve rates of attendance for the most vulnerable groups of pupils within the Trust, specifically those most disadvantaged and those with SEND so the typical rates of attendance are 96% and differences between non disadvantaged and disadvantaged pupils are diminishing in all Trust schools.

3. Personal Development:

Embed Academy level improvement plans for addressing the impact of COVID 19 on the social, emotional, academic, and personal development of pupils across the Trust.

4. Leadership & Management:

Develop and implement a People Strategy for the Trust that aligns the Trusts work on the Equality and Diversity and Inclusion agenda with the professional development and employee recruitment and retention plans to ensure a highly engaged and successful workforce.

5. Equality & Diversity:

Implement the Equality and Diversity action plans to work towards the 4 year strategic objectives for the Trust.

6. Trust Growth Strategy:

Secure the conversion of two schools into the Trust and secure applications for two additional schools are submitted by end of academic year.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that 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 auditors are aware of that information.

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



.....
Jonathan Clarke
Chair of Trustees

EKC SCHOOLS TRUST LIMITED
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GOVERNANCE STATEMENT

Scope of responsibility

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

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 5 times during the year.

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

Trustee	Meetings attended	Out of a possible
Jonathan Clarke, Chair of Trustees	5	5
Peter Goldsack	4	5
Bernadette Lax	5	5
Christopher Legg	1	1
Summer Macer	2	2
Tammy Mitchell, CEO & Accounting Officer	5	5
Graham Razey	4	5
Peter Troke	5	5
Hannah Tudor	4	5
Paul Wilson	4	5
Chris Argent	3	3
Michael Ashley	1	1
Suzanne Hollett	1	1

The Board is scheduled to meet at least four times per school year to oversee the running of the Trust. This includes the standard governance of the Trust, covering adoption of policies, information on the overall financial performance of the Trust together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues.

The Board has conducted its business through a traditional model of governance with two sub-committees. These committees are Finance, and Risk, Audit & Compliance. Each sub-committee has terms of reference, which have been approved by the Board.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Finance Committee comprises the Chair of Trustees and two Trustees (excluding the Chief Executive Officer). The Committee met 3 times during the year and operates in accordance with its terms of reference. Its purpose is to provide appropriate oversight and scrutiny and, assurance to the Board about overall finances of the Trust.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Jonathan Clarke, Chair of Trustees	3	3
Christopher Legg	0	0
Paul Wilson	1	3
Christopher Argent	2	2

The Risk, Audit & Compliance Committee comprises of three Trustees (excluding the Chief Executive Officer). The Committee met 5 times during the year and operates in accordance with its terms of reference. The Committee is responsible for advising the Board on matters relating to the Trust's audit arrangements and systems of internal control and to aid the Board's responsibility to ensure sound management of the Trust's finances and resources, including proper planning, monitoring and probity. :

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Peter Goldsack	5	5
Summer Macer	2	2
Peter Troke	5	5
Graham Razey	2	2

The Clerk to the Trustees maintains a register of financial and personal interests of the Trustees. The register is available for inspection.

Formal agendas, papers and reports are supplied to Trustees in a timely manner, prior to the Trust Board and the sub-committee meetings.

The Trust has an independent non-executive element, and no individual or group dominates its decision-making process. The Board considers that each of its non-executive members is independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the role of the Chair of the Trustees and Chief Executive Officer of the Trust are separate.

The ESFA conducted a Financial Management and Governance Audit in December 2020. The Auditor reported that the Trust is in a strong position. The outcome from the audit provided a good level of assurance to the Board.

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

As accounting officer, the Chief Executive Officer, who is also the accounting officer, 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 appropriate. The accounting officer for the Trust has delivered improved value for money during the year by:

- exploring opportunities for joint procurement
- aligning premises contracts
- providing staffing level benchmarking between the four schools within 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 on-going 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 the Trust for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines as set out in the Financial Regulations;
- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided to employ Williams Giles as internal auditor.

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. The internal audit function will commence its cycle of audit work in the first full year of operation, the 2020/21 academic year.

The auditor will report to the board of trustees, through the Risk, Audit & Compliance committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities and will annually prepare an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

Review of effectiveness

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

- the work of the external auditor;;
- the work of the Chief Financial Officer within the Trust who has responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Risk, Audit & Compliance Committee.

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



.....
Jonathan Clarke
Chair of Trustees

Date: 06/12/2021



.....
Tammy Mitchell
Accounting Officer

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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of EKC Schools Trust Limited I have considered my responsibility to notify the Academy Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy 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 Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy'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.



.....
Tammy Mitchell
Accounting Officer

Date: 06/12/2021

EKC SCHOOLS TRUST LIMITED
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



.....
Jonathan Clarke
Chair of Trustees

Date: 06/12/2021

EKC SCHOOLS TRUST LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EKC SCHOOLS TRUST LIMITED

Opinion

We have audited the financial statements of EKC Schools Trust Limited (the 'academy') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy'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.

EKC SCHOOLS TRUST LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EKC SCHOOLS TRUST LIMITED (CONTINUED)

Other information

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

EKC SCHOOLS TRUST LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EKC SCHOOLS TRUST LIMITED (CONTINUED)

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

- of management around actual and potential litigation and claims; and
- of enquiry of management to identify any instances of non-compliance with laws and regulations; and
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias; and
- reviewing minutes of meetings of those charged with governance; and
- maintaining risk-awareness and appropriate professional scepticism throughout our other audit work.

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

EKC SCHOOLS TRUST LIMITED
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF EKC SCHOOLS TRUST LIMITED (CONTINUED)

Use of our report

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



Duncan Cochrane-Dyet BSc BFP FCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Statutory Auditors

Maidstone, United Kingdom

Date: 15 December 2021

EKC SCHOOLS TRUST LIMITED
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO EKC SCHOOLS TRUST LIMITED AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 4 March 2020 and further to the requirements of the Education and 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 EKC Schools Trust Limited during the year 1 September 2020 to 31 August 2021 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 EKC Schools Trust Limited and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to EKC Schools Trust Limited 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 EKC Schools Trust Limited and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of EKC Schools Trust Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of EKC Schools Trust Limited's funding agreement with the Secretary of State for Education dated 26 February 2020 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.

EKC SCHOOLS TRUST LIMITED
(A Company Limited by Guarantee)

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

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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


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

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

- Reviewing the Minutes of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- A review of the objectives and activities of the Trust, with reference to the income streams and other information available to us as auditors;
- Testing a sample of payroll payments to staff;
- Testing a sample of payments to suppliers and other third parties;
- Testing a sample of grants received and other income streams;
- Consideration of governance issues; and
- Evaluating the internal control procedures and reporting lines, and testing as appropriate and making appropriate enquiries of the Accounting Officer.

Conclusion

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


Reporting Accountant
MHA MacIntyre Hudson

Statutory Auditors
Maidstone, United Kingdom

Date: 15 December 2021

EKC SCHOOLS TRUST LIMITED
(A Company Limited by Guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:						
Donations and capital grants	4	14,284	-	29,294	43,578	11,689,174
Other trading activities		48,628	-	-	48,628	9,895
Charitable activities		-	6,821,819	-	6,821,819	3,114,018
Total income		62,912	6,821,819	29,294	6,914,025	14,813,087
Expenditure on:						
Charitable activities	8	-	7,194,024	265,526	7,459,550	3,519,185
Total expenditure		-	7,194,024	265,526	7,459,550	3,519,185
Net movement in funds before other recognised gains/(losses)		62,912	(372,205)	(236,232)	(545,525)	11,293,902
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	27	-	(676,000)	-	(676,000)	(201,000)
Net movement in funds		62,912	(1,048,205)	(236,232)	(1,221,525)	11,092,902
Reconciliation of funds:						
Total funds brought forward		15,455	(2,249,095)	13,326,542	11,092,902	-
Net movement in funds		62,912	(1,048,205)	(236,232)	(1,221,525)	11,092,902
Total funds carried forward		78,367	(3,297,300)	13,090,310	9,871,377	11,092,902

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

The notes on pages 28 to 51 form part of these financial statements.

EKC SCHOOLS TRUST LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 11154851

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	16	13,077,362	13,261,957
Current assets			
Debtors	17	205,101	502,440
Cash at bank and in hand		1,290,308	825,979
		<u>1,495,409</u>	<u>1,328,419</u>
Creditors: amounts falling due within one year	18	(506,516)	(525,877)
Net current assets		<u>988,893</u>	<u>802,542</u>
Total assets less current liabilities		<u>14,066,255</u>	<u>14,064,499</u>
Creditors: amounts falling due after more than one year	19	(14,878)	(18,597)
Net assets excluding pension liability		<u>14,051,377</u>	<u>14,045,902</u>
Defined benefit pension scheme liability	27	(4,180,000)	(2,953,000)
Total net assets		<u><u>9,871,377</u></u>	<u><u>11,092,902</u></u>
Funds of the Academy			
Restricted funds:			
Fixed asset funds	20	13,090,310	13,326,542
Restricted income funds	20	882,700	703,905
		<u>13,973,010</u>	<u>14,030,447</u>
Restricted funds excluding pension asset	20	13,973,010	14,030,447
Pension reserve	20	(4,180,000)	(2,953,000)
Total restricted funds	20	<u>9,793,010</u>	<u>11,077,447</u>
Unrestricted income funds	20	<u>78,367</u>	<u>15,455</u>
Total funds		<u><u>9,871,377</u></u>	<u><u>11,092,902</u></u>

EKC SCHOOLS TRUST LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 11154851

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

The financial statements on pages 24 to 51 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



.....
Jonathan Clarke
Chair of Trustees

Date: 06/12/2021

The notes on pages 28 to 51 form part of these financial statements.

EKC SCHOOLS TRUST LIMITED
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by operating activities	22	515,966	14,154,050
Cash flows from investing activities	23	(51,637)	(13,328,071)
Change in cash and cash equivalents in the year		464,329	825,979
Cash and cash equivalents at the beginning of the year		825,979	-
Cash and cash equivalents at the end of the year	24, 25	1,290,308	825,979

The notes on pages 28 to 51 form part of these financial statements

EKC SCHOOLS TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. General information

EKC Schools Trust Limited is a company limited by guarantee, incorporated in England and Wales. The address of the registered office and principal place of operation are detailed on page 1. The nature of the Trust's operations and principal activity are detailed in the Trustees' Report.

2. Accounting policies

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

2.1 Basis of preparation of financial statements

The financial statements of the Academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

EKC Schools Trust Limited meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling which is the functional currency of the Trust and rounded to the nearest pound.

2.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.3 Income

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

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

- **Donated goods, facilities and services**

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

- **Transfer on conversion**

Where assets and liabilities are received by the Academy on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Academy. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.4 Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

2.5 Tangible fixed assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

Freehold property	- up to 50 years
Furniture and equipment	- up to 10 years
Computer hardware	- up to 5 years

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.6 Debtors

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

2.7 Cash at bank and in hand

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

2.8 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 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.

2.9 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.10 Pensions

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

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

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

2.11 Fund accounting

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

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

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

EKC SCHOOLS TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

3. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

4. Income from donations and capital grants

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	14,284	-	-	14,284	5,560
Capital Grants	-	-	29,294	29,294	64,584
Transfers on conversion	-	-	-	-	11,619,030
Total 2021	14,284	-	29,294	43,578	11,689,174
Total 2020	5,560	(1,761,870)	13,445,484	11,689,174	

EKC SCHOOLS TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

5. Funding for the Academy's educational operations

	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
DfE/ESFA grants			
General Annual Grant (GAG)	4,559,699	4,559,699	2,245,979
Other DfE/ESFA grants			
Pupil premium	510,046	510,046	225,347
Other DfE/ESFA grants	490,180	490,180	152,693
	-	5,559,925	2,624,019
Other Government grants			
Local Authority revenue grants	738,295	738,295	351,238
	738,295	738,295	351,238
Other income from the Academy's educational operations	382,809	382,809	135,787
COVID-19 additional funding (DfE/ESFA)			
Other DfE/ESFA COVID-19 funding	140,790	140,790	2,974
	140,790	140,790	2,974
Total 2021	6,821,819	6,821,819	3,114,018

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the academy'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 COVID-19 funding heading. The prior year numbers have been reclassified.

The Trust has been eligible to claim additional funding in-year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "Other DfE/ESFA COVID-19 funding".

EKC SCHOOLS TRUST LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

6. Income from other trading activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Hire of facilities	46,230	46,230	9,321
Income from ancillary trading activities	2,398	2,398	574
Total 2021	48,628	48,628	9,895

7. Expenditure

	Staff Costs 2021 £	Premises 2021 £	Other 2021 £	Total 2021 £	Total 2020 £
Educational operations:					
Direct costs	4,444,049	-	163,675	4,607,724	1,813,525
Allocated support costs	1,669,243	537,254	645,329	2,851,826	1,705,660
Total 2021	6,113,292	537,254	809,004	7,459,550	3,519,185
<i>Total 2020</i>	<i>2,919,586</i>	<i>145,214</i>	<i>454,385</i>	<i>3,519,185</i>	

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Educational operations	-	7,459,550	7,459,550	3,519,185
<i>Total 2020</i>	<i>176</i>	<i>3,519,009</i>	<i>3,519,185</i>	

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9. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £	Total funds 2020 £
Educational operations	4,607,724	2,851,826	7,459,550	3,519,185
<i>Total 2020</i>	<i>1,813,525</i>	<i>1,705,660</i>	<i>3,519,185</i>	

Analysis of support costs

	Educational operations 2021 £	Total funds 2021 £	Total funds 2020 £
Defined benefit pension scheme finance cost	48,000	48,000	22,000
Staff costs	1,621,243	1,621,243	1,138,876
Depreciation	265,526	265,526	130,698
Premises costs	537,254	537,254	145,214
Other costs	244,571	244,571	213,186
Governance costs	135,232	135,232	55,686
	2,851,826	2,851,826	1,705,660

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2021 £	2020 £
Operating lease rentals	19,638	4,787
Fees paid to auditors for:		
- audit	15,995	9,350
- other services	8,525	3,000

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

11. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Academy's auditor for the audit of the Academy's annual accounts	15,995	9,350
Fees payable to the Academy's auditor in respect of:		
All assurance services not included above	1,000	675
All non-audit services not included above	7,525	2,325
	<u>15,995</u>	<u>12,350</u>

12. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021 £	2020 £
Wages and salaries	4,292,253	2,086,485
Social security costs	355,157	159,168
Pension costs	1,415,142	637,944
	<u>6,062,552</u>	<u>2,883,597</u>
Agency staff costs	2,740	13,989
Defined benefit pension scheme finance cost	48,000	22,000
	<u>6,113,292</u>	<u>2,919,586</u>

b. Staff numbers

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

	2021 No.	2020 No.
Teachers	132	141
Administration and support	75	74
Management	9	9
	<u>216</u>	<u>224</u>

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12. Staff (continued)

c. Higher paid staff

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

	2021 No.	2020 No.
In the band £60,001 - £70,000	4	1
In the band £70,001 - £80,000	-	1
In the band £80,001 - £90,000	2	2

d. Key management personnel

The key management personnel of the Academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy was £576,488 (2020 £242,657).

13. Central services

Human resources, finance, facilities management and payroll services were provided by EKC Group to the Trust and the academies during the period and no central charges arose.

14. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2021 £	2020 £
Tammy Mitchell	Remuneration	80,000 - 85,000	
	Pension contributions paid	15,000 - 20,000	

During the year ended 31 August 2021, no Trustee expenses have been incurred (2020 - £NIL).

15. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

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16. Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Assets under construction £	Furniture and equipment £	Computer hardware £	Total £
Cost or valuation						
At 1 September 2020	11,830,245	1,500,160	8,755	2,685	50,810	13,392,655
Additions	-	-	-	33,076	47,855	80,931
Transfers between classes	-	-	(8,755)	8,755	-	-
At 31 August 2021	11,830,245	1,500,160	-	44,516	98,665	13,473,586
Depreciation						
At 1 September 2020	118,302	-	-	-	12,396	130,698
Charge for the year	236,605	-	-	2,898	26,023	265,526
At 31 August 2021	354,907	-	-	2,898	38,419	396,224
Net book value						
At 31 August 2021	11,475,338	1,500,160	-	41,618	60,246	13,077,362
At 31 August 2020	11,711,943	1,500,160	8,755	2,685	38,414	13,261,957

17. Debtors

	2021 £	2020 £
Due within one year		
Trade debtors	-	4,112
Other debtors	42,645	335,435
Prepayments and accrued income	162,456	162,893
	<u>205,101</u>	<u>502,440</u>

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18. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Salix Loan	3,719	3,719
Trade creditors	96,993	79,661
Other taxation and social security	82,957	71,247
Other creditors	107,145	96,092
Accruals and deferred income	215,702	275,158
	506,516	525,877

	2021	2020
	£	£
Deferred income at 1 September 2020	67,799	-
Resources deferred during the year	84,023	67,799
Amounts released from previous periods	(67,799)	-
	84,023	67,799

At the balance sheet date, the Trust was holding funds received in advance for free school meals, rates income and Pre-School income relating to the 2021/22 financial year.

Included within creditors is an interest-free Salix loan, repayable monthly with the last payment due in April 2026.

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

	2021	2020
	£	£
Other loans	14,878	18,597

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20. Statement of funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
Unrestricted general funds	15,455	62,912	-	-	-	78,367
Restricted general funds						
General Annual Grant (GAG)	77,692	4,559,699	(3,920,184)	-	-	717,207
Pupil premium	12,598	510,046	(522,644)	-	-	-
PE & Sports	18,597	73,840	(92,437)	-	-	-
Other grants	124,775	416,340	(541,115)	-	-	-
Local authority grants	334,408	738,295	(1,072,703)	-	-	-
Other income	135,835	382,809	(353,151)	-	-	165,493
Restricted Fund 7	-	140,790	(140,790)	-	-	-
Pension reserve	(2,953,000)	-	(551,000)	-	(676,000)	(4,180,000)
	<u>(2,249,095)</u>	<u>6,821,819</u>	<u>(7,194,024)</u>	<u>-</u>	<u>(676,000)</u>	<u>(3,297,300)</u>
Restricted fixed asset funds						
NBV of fixed assets	13,261,958	-	(265,526)	80,930	-	13,077,362
Capital grants	64,584	29,294	-	(80,930)	-	12,948
	<u>13,326,542</u>	<u>29,294</u>	<u>(265,526)</u>	<u>-</u>	<u>-</u>	<u>13,090,310</u>
Total Restricted funds	<u>11,077,447</u>	<u>6,851,113</u>	<u>(7,459,550)</u>	<u>-</u>	<u>(676,000)</u>	<u>9,793,010</u>
Total funds	<u><u>11,092,902</u></u>	<u><u>6,914,025</u></u>	<u><u>(7,459,550)</u></u>	<u><u>-</u></u>	<u><u>(676,000)</u></u>	<u><u>9,871,377</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

20. Statement of funds (continued)

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Trust via the Education and Skills Funding Agency (ESFA) by the Department of Education (DfE). The GAG fund therefore represents the normal running costs of the Trust.

The Pupil Premium fund recognises the restricted funding received from the ESFA to raise the attainment of disadvantaged pupils and close the gap between them and their peers.

The Physical Education (PE) & Sports fund recognises the restricted funding received from the ESFA to make improvements to the quality of the physical education (PE) and sport provided by the schools.

The Other Grants fund refers to any restricted funding received from the DfE or the ESFA that falls outside the scope of the core funding.

The Local Authority grants fund has been set up to recognise the income received from local authorities as a contribution towards the cost of the Trust's revenue expenditure and in relation to Special Educational Needs (SEN), which are funds to assist with meeting the additional cost of supporting pupils with SEN.

The Pension Reserve fund has been created to separately identify the pension deficit inherited from the Local Authority upon conversion and to recognise subsequent movements.

The Other Income fund has been established to recognise all other restricted funding that cannot be classified in the other restricted fund categories.

The Transfer on Conversion fund has been established to reflect the depreciated value of the fixed assets inherited from the local authority upon conversion.

The Capital Grants fund has been established to identify the capital grants received and expended by the Trust.

The Unrestricted Fund recognises the income and expenditure in respect of activities undertaken by the Trust which fall outside of the scope of the core activities.

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20. Statement of funds (continued)

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

	<i>Transfers on conversion £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2020 £</i>
Unrestricted funds					
Unrestricted general funds	-	15,455	-	-	15,455
Restricted general funds					
General Annual Grant (GAG)	759,000	2,245,979	(2,927,287)	-	77,692
Pupil premium	-	225,347	(212,749)	-	12,598
PE & Sports	-	30,891	(12,294)	-	18,597
Other grants	-	124,775	-	-	124,775
Local authority grants	-	351,238	(16,830)	-	334,408
Other income	-	135,835	-	-	135,835
Pension reserve	(2,521,000)	-	(231,000)	(201,000)	(2,953,000)
	<u>(1,762,000)</u>	<u>3,114,065</u>	<u>(3,400,160)</u>	<u>(201,000)</u>	<u>(2,249,095)</u>
Restricted fixed asset funds					
NBV of fixed assets	13,380,900	-	(118,942)	-	13,261,958
Capital grants	-	64,584	-	-	64,584
	<u>13,380,900</u>	<u>64,584</u>	<u>(118,942)</u>	<u>-</u>	<u>13,326,542</u>
Total Restricted funds	<u>11,618,900</u>	<u>3,178,649</u>	<u>(3,519,102)</u>	<u>(201,000)</u>	<u>11,077,447</u>
Total funds	<u>11,618,900</u>	<u>3,194,104</u>	<u>(3,519,102)</u>	<u>(201,000)</u>	<u>11,092,902</u>

EKC SCHOOLS TRUST LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	2021 £	2020 £
Briary	165,431	194,679
Bysing Wood	37,254	52,613
Holywell	168,037	79,556
Queenborough	685,854	528,466
Central services	(95,509)	(135,954)
Total before fixed asset funds and pension reserve	961,067	719,360
Restricted fixed asset fund	13,090,310	13,326,542
Pension reserve	(4,180,000)	(2,953,000)
Total	9,871,377	11,092,902

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2021 £	Total 2020 £
Briary	1,267,206	261,823	46,232	278,159	1,853,420	843,417
Bysing Wood	859,131	230,372	13,484	156,394	1,259,381	616,818
Holywell	659,976	123,118	33,134	120,817	937,045	441,167
Queenborough	1,657,736	364,461	60,953	294,650	2,377,800	1,125,830
Central services	-	689,469	9,872	67,037	766,378	361,255
Academy	4,444,049	1,669,243	163,675	917,057	7,194,024	3,388,487

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21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	13,077,362	13,077,362
Current assets	78,367	1,404,094	12,948	1,495,409
Creditors due within one year	-	(506,516)	-	(506,516)
Creditors due in more than one year	-	(14,878)	-	(14,878)
Provisions for liabilities and charges	-	(4,180,000)	-	(4,180,000)
Total	78,367	(3,297,300)	13,090,310	9,871,377

Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	13,261,957	13,261,957
Current assets	15,455	1,248,379	64,585	1,328,419
Creditors due within one year	-	(525,877)	-	(525,877)
Creditors due in more than one year	-	(18,597)	-	(18,597)
Provisions for liabilities and charges	-	(2,953,000)	-	(2,953,000)
Total	15,455	(2,249,095)	13,326,542	11,092,902

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

	2021 £	2020 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(545,525)	11,293,902
Adjustments for:		
Depreciation	265,526	130,698
Capital grants from DfE and other capital income	(29,294)	(64,584)
Defined benefit pension scheme obligation inherited	-	2,521,000
Defined benefit pension scheme cost less contributions payable	503,000	209,000
Defined benefit pension scheme finance cost	48,000	22,000
Decrease/(increase) in debtors	297,339	(502,440)
(Decrease)/increase in creditors	(23,080)	544,474
Net cash provided by operating activities	515,966	14,154,050

23. Cash flows from investing activities

	2021 £	2020 £
Purchase of intangible assets	-	(13,380,900)
Purchase of tangible fixed assets	(80,931)	(11,755)
Capital grants from DfE Group	29,294	64,584
Net cash used in investing activities	(51,637)	(13,328,071)

24. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand and at bank	1,290,308	825,979
Total cash and cash equivalents	1,290,308	825,979

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NOTES TO THE FINANCIAL STATEMENTS
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25. Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	825,979	464,329	1,290,308
Debt due within 1 year	(3,719)	-	(3,719)
Debt due after 1 year	(18,597)	3,719	(14,878)
	<u>803,663</u>	<u>468,048</u>	<u>1,271,711</u>

26. Capital commitments

	2021 £	2020 £
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	-	26,264

27. Pension commitments

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

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

Contributions amounting to £66,243 were payable to the schemes at 31 August 2021 (2020 - £63,703) and are included within creditors.

Teachers' Pension Scheme

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

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

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27. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the year amounted to £522,843 (2020 - £374,783).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £429,418 (2020 - £202,440), of which employer's contributions totalled £336,908 (2020 - £157,812) and employees' contributions totalled £ 92,510 (2020 - £44,628). The agreed contribution rates for future years are 22.5 per cent for employers and range from 5.5 to 12.5 per cent for employees.

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

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27. Pension commitments (continued)

Principal actuarial assumptions

	2021 %	2020 %
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	1.65	1.65
Inflation assumption (CPI)	2.85	2.25

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

	2021 Years	2020 Years
<i>Retiring today</i>		
Males	21.9	21.8
Females	23.8	23.8
<i>Retiring in 20 years</i>		
Males	23.3	23.2
Females	25.3	25.2

Share of scheme assets

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

	2021 £	2020 £
Equities	2,759,000	2,149,000
Gilts	24,000	22,000
Corporate bonds	585,000	428,000
Property	433,000	364,000
Cash and other liquid assets	121,000	101,000
Absolute Return Fund	293,000	253,000
Total market value of assets	4,215,000	3,317,000

The actual return on scheme assets was £504,000 (2020 - £248,000).

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27. Pension commitments (continued)

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

	2021 £	2020 £
Current service cost	(839,000)	(368,000)
Interest cost	(48,000)	(22,000)
Total amount recognised in the Statement of Financial Activities	(887,000)	(390,000)

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

	2021 £	2020 £
At 1 September	6,270,000	-
Conversion of academy trusts	-	5,387,000
Current service cost	839,000	368,000
Interest cost	104,000	48,000
Employee contributions	92,000	45,000
Actuarial losses	1,122,000	422,000
Benefits paid	(32,000)	-
At 31 August	8,395,000	6,270,000

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

	2021 £	2020 £
At 1 September	3,317,000	-
Conversion of academy trusts	-	2,866,000
Interest income	56,000	26,000
Actuarial gains	446,000	221,000
Employer contributions	336,000	159,000
Employee contributions	92,000	45,000
Benefits paid	(32,000)	-
At 31 August	4,215,000	3,317,000

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28. Operating lease commitments

At 31 August 2021 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	17,164	16,000
Later than 1 year and not later than 5 years	38,190	21,568
Later than 5 years	54	-
	<u>55,408</u>	<u>37,568</u>

29. Members' liability

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

30. Related party transactions

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

The Trust received a £252,870 (2020: £125,000) contribution from the EKC Group.

The Trust paid the EKC Group £138,469 (2020: £119,523) which relates to the salaries for the Chief Executive Officer, Chief Financial Officer and various non-salary costs such as legal fees, insurance and professional fees that the EKC Group purchased on behalf of the Trust at the time of set-up.

No other related party transactions took place in the period of account, other than certain Trustees' expenses already disclosed in note 13..