Company Registration Number: 07738386 (England & Wales)

The Village Academy

(A company limited by guarantee)

Annual report and financial statements

For the year ended 31 August 2020

The Village Academy
(A company limited by guarantee)

Contents

Reference and administrative detail of the Academy, its trustees and advisers
For the period ended 31 August 2020

Members	Bruce McGlashan The Diocese of Canterbury Academies Company Limited (currently represented by Revd. Stephen Lillicrap) Martin Swainson Quentin Roper
Trustees	Quentin Roper, Chair of Trustees Justin Smith (resigned 14 February 2020) Michael Lea Franz McCoy Christopher Monteiro-Sharrat (resigned 15 March 2020) David Whitehead, Accounting Officer Linda Pickles (appointed 10 October 2019, resigned 5 March 2020) Claire Harris (appointed 14 October 2019)
Company number	07738386
Principal and registered office	Lynsted & Norton Primary School Lynsted Lane, Lynsted Kent ME90RL
Senior management team (at date of approval)	David Whitehead, Interim CEO from 01/07/2019 Kelly Collens, School Improvement Lead Laura Thompson, School Improvement Lead - Early Years Simona Uberti Bona Blotto, Chief Financial Officer, (resigned 23/3/2020) Elaine Latham, Interim CFO from 23/3/2020 Nicki Man, Headteacher - Lydd Primary Katherine Baker, Headteacher - Milstead & Frinsted CEP Babiche Deysel, Executive Headteacher - Petham Primary & Dymchurch Primary Madeleine Gower, Headteacher (Seconded)- Selling CEP Mary Haney, Interim Headteacher - Lynsted and Norton Primary School Linda Lucas, Trust Business Manager (PiEAT Business Support)
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants and Statutory Auditors Thames House Roman Square Sittingbourne Kent. ME10 4BJ
Bankers	Lloyds 49 High Street Canterbury Kent. CT1 2SE

Trustees' Report
For the Year Ended 31 August 2020

The Trustees present their annual report together with the financial statements and auditor's reports of the academy trust for the year ended 31 August 2020.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee an exempt charity, and its memorandum and articles of association are the primary governing documents of the trust. The Trustees of The Village Academy are also the directors for the purposes of company law.

Details of the Trustees in office at the year end are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

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

Principal Activities

The Academy Trust's principal object and activity has been to manage the schools' provision of education to pupils between the ages of 3 and 11 in 6 primary academies in Kent. Its academies have a combined pupil capacity of 1160 and had a roll of 822 in the school census on 3 October 2019 (excluding Nursery children).

The trust is a multi-academy trust which operates six primary academies in Kent. The Academies are:

- Dymchurch Primary School
- Lydd Primary School
- Lynsted & Norton Primary School
- Milstead & Frinsted Church of England Primary School
- Petham Primary School
- Selling Church of England Primary School

During the COVID-19 Pandemic the Trust schools continued to provide a service to all key worker and vulnerable children within nominated school sites for the period between March 2020 and June 2020. All other children were provided with home learning packs, with access to online materials and regular contact and support from the teaching staff and Trust wellbeing and safeguarding staff. This was supported by a local church community. All schools reopened to Government nominated year groups from the 8 June 2020 until the end of the academic year in July 2020.

Method of recruitment and appointment or election of Trustees

Trustees are appointed for a four-year period, with the exception of the CEO who will hold office for as long as he/ she is employed. The Trustees are appointed by the members, under the following criteria:

- To ensure appropriate skills
- To ensure representation of the Foundation; and
- To ensure representation of stakeholders

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees includes a tour of The Village Academy schools and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

All levels of governance within the Trust have access to Department for Education training and resources via The Village Academy registration. Further bespoke training is provided by The Village Academy Leadership teams.

The Trustees are also included in a range of staff training opportunities.

Organisational structure

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring The Village Academy by the use of budgets and other data, and making major decisions about the strategic direction of the Trust.

The Senior Leadership Team; Chief Executive Officer, Chief Financial Officer, School Improvement Leads, Executive Headteacher, Headteachers and Trust Business Manager, lead and manage the Trust on behalf of the Trustees; implementing the Trust's vision and values and through delivery of achievement, standards, quality of teaching, finance, safeguarding, health and safety and human resources.

Trustees delegate some duties to the Local Governing Bodies of the schools within the Trust, including overseeing the implementation and monitoring of local polices, health and safety, safeguarding, whilst retaining overall accountability.

During the COVID-19 Pandemic the Trustees, its Committees and the Local Governing Bodies moved to 'Virtual Meetings' to ensure that decisions and ongoing business could be continued throughout the period of shutdown imposed by the Government.

Arrangements for setting pay and remuneration of key management personnel
The key management personnel of the academy trust comprise the Trustees and senior leadership team as disclosed on page 1.

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the board of Trustees, after taking advice.

The only staff Trustee is the Interim CEO, who receives remuneration in respect of services provided under the Service Level Agreement. The remuneration is not in respect of their role as Trustees. The specific disclosures concerning Staff Trustees' remuneration is included in note 12.

The day-to-day running of the remuneration policy is delegated to the CEO and monitored by the board of Trustees. All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed regularly by the board of Trustees.

Senior management salaries are linked to pay ranges, helping Trustees monitor that each individual is remunerated at an appropriate level. As such, salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

The board always bears in mind the charitable status of the academy trust and recognises that the trust receives monies under a funding agreement with the Secretary of State for Education and, therefore, ensures the remuneration paid to senior management personnel never exceeds a reasonable amount that provides value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 11(c).

Where the COVID-19 Pandemic has had an impact on pay policies which required changes to existing practice, or impacted on normal timelines, these have been formally communicated.

Risk management
The Trustees have reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trustees are of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks and the business continuity plans for each academy are in place and regularly reviewed.

Connected organisations, including related party relationships
There are currently no related parties that either control or significantly influence the decisions and operations of The Village Academy. However, the successful partnership between the Village Academy Trust and the Potential in Everyone Academy Trust, first entered into in June 2019, has continued throughout 2019/20 and during the COVID-19 Pandemic; particularly in respect of the following services:

- Interim CEO
- Clerking Services
- Seconded headteacher

A formal Related Party declaration was submitted to the ESFA for the 2019/20 period and a further declaration made later in the year to include the additional Interim Business Support Services and Interim CFO services from 23rd March 2020.

In addition, two of the constituent academies (Milstead & Frinsted CEP School and Selling CEP School) are Church of England academies; the Diocese of Canterbury required during the consultations leading up to conversion that one of The Village Academy Members should be a Church appointment and that there should be Church appointments to the board of Trustees, whilst respecting the community status of the other schools. The number of Church appointments should be 25% of the total number of Trustees. In practice, the Diocese has approved local nominations to these positions.

Academies within The Village Academy Trust benefit from separate self-administered PTAs, which fundraise for specific academy-based requirements.

The impact of the COVID-19 Pandemic has resulted in the move to Virtual Governance meetings across all levels of Governance. This has been well received and has worked well. The Trust has decided to continue with virtual governance meetings, meeting all the requirements of the AFH 2020 for the 2020/21 academic year. This will be reviewed on a regular basis.

Trade union facility time
There are no members of staff, either part or full time that are paid for being a Union representative.

OBJECTIVES AND ACTIVITIES

Objects and aims

The Village Academy strives to provide an engaging and inspirational educational environment where all pupils have access to a curriculum which is unique to their community and pupil needs. The Village Academy will work with each individual school to ensure that every pupil can achieve their potential.

The COVID-19 Pandemic has had a major impact on the educational landscape with the cancellation of all statutory testing (Key Stage 1, Key Stage 2, and Phonics) which may continue into the next academic year. During the COVID-19 Pandemic the Trust has continued to support children and staff amid unprecedented change forced onto communities by the Pandemic via sound secure home based learning, access to online materials and resources, school based learning for key worker and vulnerable children and wellbeing and safeguarding support to families in their home or within school. The Trust successfully provided school meal vouchers via the Government scheme to all relevant children, during the period of shutdown and continued this into the summer holiday period.

The Trust still provides a supportive and collaborative environment in which our children continue to thrive either by attending the schools during the period of lockdown or on returning for specific year groups as directed by the Government. Those children outside of the specific year groups were not 'left out' and were able to return to schools for a short period at the end of term, to ensure that they were not forgotten, and in preparation for a full return to school in September 2020.

It is the Village Academy's aim to work collegiately with colleagues across the Trust, to share good practice and to enable teachers and leaders to develop practice enshrined in quality research to enhance the life chances of every pupil. Through the Trust's commitment to work in a formal partnership with The Potential in Everyone Academy Trust and its engagement in collaborative work with schools and Trusts outside of its immediate environment, it will enable the Trust to increase its capacity for stability and sustainability.

Objectives, strategies and activities
The objectives of The Village Academy Trust are to:

- Ensure all academies exceed National Expectations and provide the best all round education they can; Increase efficiencies and reduce unnecessary bureaucracy through effective business management;
- Share and promote good practice across the Trust and through wider collaborative Trust alliance; and Ensure good value for money in all areas of the Trust.

Public benefit
The Village Academy Trust is a group of academies catering for children aged 3 to 11 and strives to promote and support the advancement of education. The academies provide an extensive programme of educational and recreational activity designed to contribute to the overall education of our children. Specifically, the academies work with a range of local schools, charities and community organisations to develop community cohesion and broaden the educational experience of every child.

Wherever possible the academy trust also aims to contribute to the benefit of the wider public, by making available the premises to third parties for the provision of educational and other opportunities.

In setting our objectives and planning our activities the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit. The Trustees believe that the Academy Trust's aims, together with the activities outlined above, are demonstrably to the public benefit.

STRATEGIC REPORT

Achievements and performance

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Multi Academy Trust using budgets and making major decisions about the strategic direction of the Trust in respect of capital expenditure.

The COVID-19 Pandemic resulted in the cancellation of all statutory testing systems (Key stage 1, Key stage 2, Phonics and Reception Baseline Assessment). Preparation for the full return of children into school in September 2020 will focus initially on:

- Ensuring the wellbeing of the child in the school environment;
- Identification of gaps within the progress of each child, caused by the CoOVID-19 Pandemic; and
- Implementation of interventions to rectify the gaps identified, and normal resumption of teaching to meet the annual testing system scheduled for 2020/2021.

A key online resource implemented across our schools called 'Our Lives News', enabled our children to create videos and resources in a safe and secure environment reflecting their home based learning, allowing them to share progress and issues with their teachers, their friends and their family members. In preparation for a full return to education in September, the online resources have been extended to support a full blended learning system across the classroom and the home, should a second lockdown be required by the COVID-19 Pandemic.

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. 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.

Key financial performance indicators
The Trustees consider that the following are key performance indicators for the Academy Trust and regularly monitor them:

- Pupil numbers (leading directly to ESFA funding level. For 2019/2020 the target was 1160, and 822 was achieved.
- General funding expenditure – aim for income to match expenditure each year. For 2019/2020 the target was £584k roll forward and £759k was achieved.
- Percentage of total income received spent on teaching staff. For 2019/2020 the target was 47%, and 48% was achieved.
- Percentage of total income received spent on total staff costs. For 2019/2020 the target was 75%, and 78% was achieved.

Financial review and position
Most of the academy trust's recurrent income is also obtained from the ESFA in the form of revenue grants, some of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities (SoFA).

The academy trust also receives grants for fixed assets from the ESFA, which are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

In addition, the Schools within the Trust receive income from offering "Wrap-Around Care" and donations from fund raising activities run by the Parent Teachers Associations; which has been restricted this year due to the COVID-19 Pandemic. The Trust also receives grants from local charities and any income received on the success of project bids made to Government Funding, which this year related to COVID-19 Pandemic Grant Support.

Total incoming resources for the year were £5.72m (2019: £5.65m) and includes capital grant funding of £846k (2019: £795k). These capital grants are received from the Education and Skills Funding Agency ("ESFA") to fund the acquisition of fixed assets, and these are shown in the Statement of Financial Activities ("SoFA") as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned. Excluding the capital funding, the revenue income for the year was £4.88m (2019: £4.86m).

The SoFA contains total expenditure for the year of £5.18m (2019: £5.06m). This includes depreciation charges (within the fixed asset fund) and pension charges relating to part of the movement in the Local Government defined benefit pension scheme ("LGPS") liability in the year. Revenue expenditure during the year was £4.66m (2019: £4.55m).

Therefore, although the SoFA shows net income for the year of £543k (2019: £600k), this does not relate directly to the day-to-day running of the trust's academies due to the impact of movements in the fixed asset fund and the LGPS liability. The overall movement in funds per the SoFA, after an actuarial loss on the LGPS, a further movement on this liability, is an increase in funds of £175k (2019: £288k).

The table below reconciles from the overall movement in funds to the more meaningful increase in revenue funds during the year (and also shows the 'operational' surplus prior to revenue to capital transfers):

	2020 (£000s)	***2019 (£000s)***
Overall net movement in funds for the year per SoFA	**155**	**64**
Add:		
Decrease/ (increase) attributable to fixed asset fund	(619)	(602)
LGPS actuarial (gain)/loss	388	536
LGPS service and interest costs	251	290
Increases in revenue funds during the year	**175**	**288**
Revenue to capital transfers	47	16
Operational surplus /(deficit) on revenue funds	**222**	**304**

At the 31 August 2020, the net book value of tangible fixed assets was £6.28m (2019: £6.02m) and and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and associated support services to the pupils of the trust's academies. the only exceptions to this being limited letting of the premises to local community groups.

Financial position
The academy trust held fund balances at 31 August 2020 of £4.21m (2019: £4.05m). These funds comprised restricted fixed asset funds of £6.81m (2019: £6.19m), restricted revenue funds of £513k (2019: £295k) and unrestricted revenue funds of £246k (2019: £289k).

The pension reserve of £3.36m (2019: £2.72m) is the only fund in deficit at 31 August 2020. The existence of this deficit, and the increase during the year, is not a concern since it does not mean an immediate liability will become payable, nor does it have a direct impact on the employer contribution rate paid, which is determined using longer term funding assumptions.

We have stringent plans in place for the budget in 2020/2021, particularly in two of the schools which have been impacted by a drop in pupil numbers, and the trustees are confident that the trust remains on a sound financial footing.

Reserves policy
The Trustees review the reserve levels of The Village Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Trustees will always try to match income with expenditure in the current year, by setting and managing a balanced budget, and will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the pupils.

The Trustees determined in 2018/19 that the appropriate level of free reserves should be approximately equivalent to four weeks' Trust expenditure, equivalent to £420k in 2018/19.

Total reserves at the end of 2019/20 are higher than target, however, schools are carrying forward unspent funds relating to restricted funds within the overall rollforward. Some of this spend linked to these has been delayed due to COVID-19 pandemic but it is planned to effect these outstanding actions in the forthcoming year. Historical donations, ring fenced to receiving schools, whilst reducing, are still included in the rollover.

This amount is still deemed sufficient as it provides adequate working capital to cover delays between spending and receipt of grants; it also provides a buffer to deal with unexpected emergencies such as urgent maintenance or long term sickness where unforeseen costs are incurred.

Due considerations on allocation of funds and reserves is given on an ongoing basis to balance the level of reserves with the educational needs of current pupils.

Financial and risk management objectives and policies
The Academy Trust does not use complex financial instruments. It manages its activities using cash and various items such as trade debtors and trade creditors that arise directly from its operations. The existence of these financial instruments exposes the Academy Trust to a number of financial risks which are described in more detail below. The main risks arising from the Trust's financial instruments are liquidity risk and cash flow interest rate risk:

- *Liquidity risk* - the Trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing.
- *Interest rate risk*- the Trust earns interest on cash deposits. The Trustees continue to consider actions to increase the income from these deposits, provided it does not jeopardise the liquidity or security of the Trust's assets.
- *Credit risk* - this arises from the possibility that amounts owed to the Trust will not be repaid. The Trust does not undertake credit activities, so it is only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due.

Investment policy
Under the Memorandum and Articles of Association, the Academy Trust has the power to invest funds not immediately required for its own purposes, in any way the Trustees see fit.

The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

In addition, the Trust aims to invest surplus cash funds, wherever possible and in line with cash flow projections, to optimize returns while ensuring the investment instruments are such that there is no material risk to the loss of these cash funds.

Principal risks and uncertainties
The Trustees have a duty to identify and review the risks to which the Trust is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The Trustees have assessed the major risks to which the Trust is exposed, those relating to teaching, provision of facilities, finances, and other operational areas of the Trust.

The Trustees have implemented several systems to assess risk, including vetting of new staff and visitors, supervision of school grounds and internal financial controls to minimise risk.

Where significant risk remains, the Trustees have ensured that the Trust has adequate insurance cover. The Trust has an effective system of internal financial controls, which is explained in more detail in the Governance statement.

The Trust's exposure to financial risks is not material to the assessment of the Trust's assets, liabilities, financial position and its results, given the nature of the Trust and low risk and uncomplicated financial instruments used (bank account balances and trade creditors)

As noted previously, the restricted pension reserve was in deficit by £3.36m. This deficit relates solely to the actuarial assessment, at of Local Government Pension Scheme and future contribution rates have been agreed to reduce this deficit.

The Trustees consider the following items as the principal risks and uncertainties facing the Trust:

- The Funding formula has led to a real term decrease in funding for the Trust. This trend is likely to continue in 2020/21.
- Failure to reverse the recent years falling roll of pupil numbers.
- The Trust will continue to develop Leadership capacity and improve teaching performance to ensure that schools advance beyond or maintain their pre-conversion Ofsted judgements.
- Ofsted inspections are now overdue in Milstead & Frinsted and Selling CEP schools. This has been caused by the COVID-19 Pandemic and the corresponding cessation of all inspections by Ofsted.
- Second wave of COVID-19 Pandemic and further closure of schools.
- Failure to comply with statutory safeguarding requirements.
- Failure to comply with critical statutory/mandatory requirements.
- Failure to comply with minor mandatory processes and risk of resulting damage to the Trust reputation should multiple instances occur.
- Insufficient funds to deliver services to the appropriate level.
- Corporate Governance – risk of failure in the mechanisms, policies, and processes which direct and control the Trust.
- IT breach resulting in confidential data theft or corruption.
- Material event occurs within one of the schools that compromises pupil, staff or public safety e.g. safeguarding, physical safety of pupils, terror-related incident, fire, flood etc.

Disabled employees
The Village Academy Trust is committed to a fair and equal treatment of all individuals regardless of disability.

The policy of the Academy Trust is to support recruitment and retention of employees with disabilities, to provide disabled employees with the same opportunities for promotion, career development and training as those afforded to other employees and support children with disabilities within our academies.

The Academy Trust does this by making reasonable adaptation to the physical environment and by making support resources available including the modification of equipment and the use of special aids to employment as necessary and appropriate.

Fundraising
The trust did not engage in any formal professional fundraising activity.

COVID-19 Pandemic has impacted on the abilities for the Parent Teachers Association linked to each school to hold planned fund raising events. The impact of the COVID-19 restrictions has reduced the funds available to schools to deliver additional learning enrichment that is usually supported by the funds raised.

Equal opportunities
The Trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

PLANS FOR FUTURE PERIODS

The Village Academy plans to continue to improve, ensuring its pupils get the best start to their education. Full details of the plans for the future are given in our School Improvement Plans and Strategic 3 Year Plan.

The school improvement plans are regularly monitored by the Senior Leadership Team and Trustees.

The culture is one of openness, both senior staff and teaching staff are clear about the need to collaborate and commit to their own professional development.

In summary, during 2020/21 the Academy will continue to;

- Strengthen the partnership with The Potential in Everyone Academy Trust in order to increase capacity in all areas of the Trust resulting in improved outcomes for all pupils.
- Ensure that the Trust develops a strong culture of collaboration, openness and commitment to professional learning, working with schools and Trusts external to the Village Academy Trust and the Kent MAT Alliance.
- Continue to manage the impact that COVID-19 Pandemic has on the children and staff in the trust.
- Improve public image of Trust within each school's local community by improving communication via engaging with pupils,

parents and local governors in cooperation with each individual school.
- Ensure each school's curriculum is fit for purpose by serving its children with objectives that are used to inform future budget priorities.
- Continue its review of procurement practice to deliver best value and savings through economies of scale and collaboration with other Trusts and stakeholders.

AUDITOR

In so far as the Trustees are aware:

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

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

Quentin Roper, Chair of Trustees

David Whitehead, Interim CEO and Accounting Officer

Date: 9 December 2020

Governance Statement
For the Year Ended 31 August 2020

Scope of Responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the Interim CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Village Academy and the Secretary of State for Education. The CEO is also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of Trustees has formally met 8 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
Quentin Roper	8	8
Michael Lea	7	8
Franz McCoy	4	8
David Whitehead, Interim CEO	8	8
Claire Harris	8	8
Also in attendance:		
Kelly Collens, School Improvement Lead	5	6
Elaine Latham, Interim Chief Financial Officer from 24/03/2020	5	5
Linda Lucas, Trust Business Manager PiEAT	5	5

Due to the size of the Board of Trustees in 2019/20 the responsibilities of the Finance/Audit committee have been discharged by the Board in full and there have been no separate meetings.

The members have agreed, following a significant review of governance, to only appoint new on the basis of skill set. They will endeavor to populate the new board with representations from across the academy group as well as external candidates. Each academy within the Trust, subject to its scheme of delegation, will have a Local Governing Body that will report to the board of Trustees on local matters and will ensure appropriate stakeholder representation.

During the review, the Members agreed, to ensure appropriate segregation, no individual should hold position on a Local Governing Body and the Board of Trustees.

Governance reviews

Governance reviews take place on an ongoing basis and the Trustees continue to consider the overall effectiveness of Governance using the NCTL Review of Governance Tool.

At each Trustees meeting, the Trustees consider all learning points and develop action points to take forward. During the agenda item "Outcomes", Trustees have the opportunity to reflect on the impact the meeting has had on improving learning across the Academy.

The Local Governing Bodies are specifically responsible for monitoring the standards at each school, and the impact of Pupil Premium and Sports Premium funding on pupil's learning outcomes.

Governance Statement
For the Year Ended 31 August 2020

Review of Value for money

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

The Accounting Officer considers how the academy's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy has delivered improved value for money during the year by obtaining discounts when renewing contracts. Work undertaken during the year will see further savings taking effect as from September 2020.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently,.effectively and economically. The system of internal control has been in place in The Village Academy for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. There is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget; monthly financial reports to the Chair of Trustees and termly financial reports which are reviewed and agreed by the board ofTrustees;
- regular reviews by the Finance, Audit and Compliance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- review and set KPls to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The board of Trustees has considered the need for a specific internal audit function and has renewed the appointment of UHY Hacker Young as internal auditor for the period of 1st September 2019 to the period end of 31 August 2020.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the auditor reports to the board of Trustees on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities. In particular, the checks carried out in the current period included:

- Payroll and HR
- Governance
- Procurement

The internal auditor undertook 'virtual audits' during July 2020, for the year ending 31 August 2020. The Trust submitted documents for all the named areas to UHY via a secure portal for scrutiny. Some documents were held in schools and due to construction work on-going during the summer break, some documents could not be accessed until September 2020. The internal audit report for 2019/2020 for our Trust is planned for completion in early December 2020.

UHY completed the provision of the service for 2019-20 under the transitional arrangements of the revised FRC Ethical Standard for auditors, permit existing audit engagements at 15 March 2020 to conclude.

For 2020-21 the trustees will be seeking to appoint another firm of chartered accountants with experience working in the academy sector to carry out the internal scrutiny work to ensure segregation between the two services.

Review of Effectiveness

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

- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

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

Quentin Roper, Chair of Trustees

David Whitehead, Interim CEO and Accounting Officer

Date: 9 December 2020

Statement on Regularity, Propriety and Compliance

As accounting officer of The Village Academy I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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

David Whitehead
Accounting Officer

Date: 9 December 2020

Statement of trustees' responsibilities
For the year ended 31 August 2020

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make 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:

Quentin Roper
Chair of Trustees

Date: 9 December 2020

Independent auditors' Report on the financial statements to the Members of The Village Academy

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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.

Independent auditors' Report on the financial statements to the Members of The Village Academy (continued)

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

UHY Kent LLP

Allan Hickie BSc FCA (Senior statutory auditor)
for and on behalf of
UHY Kent LLP
Chartered Accountants
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 21 December 2020

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

In accordance with the terms of our engagement letter dated 5 October 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Village Academy during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Village Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Village Academy's funding agreement with the Secretary of State for Education dated 1 September 2011 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to arrive at our conclusion. Other than those procedures undertaken for the purposes of our audit of the financial statements of The Village Academy for the year ended 31 August 2020 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

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

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Uhy Kent LLP

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

Date: 21 December 2020

Statement of financial activities (incorporating income and expenditure account)
For the year ended 31 August 2020

	Note	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	*Total funds 2019 £000*
Income from:						
Donations and capital grants	3	21	-	846	867	*836*
Funding for the academy trust's educational operations	6	12	4,795	-	4,807	*4,688*
Other trading activities	4	49	-	-	49	*125*
Investments	5	1	-	-	1	*1*
Total income		83	4,795	846	5,724	*5,650*
Expenditure on:						
Raising funds		5	-	-	5	*12*
Charitable activities	8	118	4,784	274	5,176	*5,038*
Total expenditure		123	4,784	274	5,181	*5,050*
Net income/(expenditure)		(40)	11	572	543	*600*
Transfers between funds	18	(3)	(44)	47	-	-
Net movement in funds before other recognised gains/(losses)		(43)	(33)	619	543	*600*
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	26	-	(388)	-	(388)	*(536)*
Net movement in funds		(43)	(421)	619	155	*64*
Reconciliation of funds:						
Total funds brought forward		289	(2,429)	6,191	4,051	*3,987*
Net movement in funds		(43)	(421)	619	155	*64*
Total funds carried forward	18	246	(2,850)	6,810	4,206	*4,051*

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 22 to 47 form part of these financial statements.

The Village Academy
(A company limited by guarantee)
Registered number: 07738386

Balance sheet
As at 31 August 2020

	Note		2020 £000		*2019 £000*
Fixed assets					
Tangible assets	15		6,280		*6,015*
Current assets					
Debtors	16	753		*329*	
Cash at bank and in hand		1,108		*1,044*	
		1,861		*1,373*	
Creditors: amounts falling due within one year	17	(572)		*(613)*	
Net current assets			1,289		*760*
Net assets excluding pension liability			7,569		*6,775*
Defined benefit pension scheme liability	26		(3,363)		*(2,724)*
Total net assets			4,206		*4,051*
Funds of the academy trust					
Restricted funds:					
Fixed asset funds	18	6,810		*6,191*	
Restricted income funds	18	513		*295*	
Restricted funds excluding pension liability	18	7,323		*6,486*	
Pension reserve	18	(3,363)		*(2,724)*	
Total restricted funds	18		3,960		*3,762*
Unrestricted income funds	18		246		*289*
Total funds			4,206		*4,051*

The financial statements on pages 19 to 47 were approved and authorised for issue by the trustees and are signed on their behalf, by:

Quentin Roper
Chair of Trustees

David Whitehead
Accounting Officer

Date: 9 December 2020

The notes on pages 22 to 47 form part of these financial statements.

Statement of cash flows
For the year ended 31 August 2020

	Note	2020 £000	*2019 £000*
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	20	(244)	*401*
Cash flows from investing activities	21	308	*78*
Change in cash and cash equivalents in the year		64	*479*
Cash and cash equivalents at the beginning of the year		1,044	*565*
Cash and cash equivalents at the end of the year	22, 23	1,108	*1,044*

The notes on pages 22 to 47 form part of these financial statements

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

The Village Academy meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

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

1. Accounting policies (continued)

1.4 Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 Taxation

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

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

1.7 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. 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 note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1. Accounting policies (continued)

1.8 Tangible fixed assets

Assets costing £2,000 or more and groups of assets costing more than £2,500 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.

The valuation for leasehold property has been taken from the Drivers Jonas Deloitte desktop valuations completed for the ESFA. The basis of the value is fair value, as defined by the International Financial Reporting Standards (IFRS). No value for land has been included.

Two of the trust's academies are 'church' schools. The buildings of Milstead & Frinsted Church of England Primary School and Selling Church of England Primary School are occupied on a rolling Church Supplemental Agreement with the Diocese of Canterbury, the freehold owners. On the basis that, under the terms of the Supplemental Agreements in place, the trust does not have full rights or control over the buildings then no asset is recognised in the Balance Sheet.

Per the AAD the rolling right to occupy the building could be recognised in the financial statements via a notional donation (since it pays no actual rent) with a corresponding notional rental expense for its use of the premises. The value of the donation would be the amount that the academy trust would otherwise have had to pay to secure premises, however since the trustees feel that this cannot be reliably measured, and in accordance with the AAD, no donation or rental expense have been recognised.

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:

Long-term leasehold property	- 2% straight line
Improvements to leasehold	- 10% straight line
Furniture and equipment	- 10% straight line
Computer equipment	- 25% straight line

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

1.9 Debtors

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

1.10 Cash at bank and in hand

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

1.11 Liabilities

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

1. **Accounting policies (continued)**

1.12 Operating leases

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

1.13 Pensions

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

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

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

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

1.14 Fund accounting

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

There have been some specific issues which have been considered regarding the actuarial assumptions and closing pension scheme liability of all LGPS employers:

(1) The "McCloud/Sargeant judgement". This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material. This was reflected in the prior year as a past service cost, within staff costs, and detailed in note 26, of £75,000.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published.

(2) Goodwin case. Following a case involving the Teachers' Pension scheme, known as the Goodwin case, differences between survivor benefits payable to members with same-sex or opposite-sex survivors have been identified within a number of public sector pension schemes. As a result, the Government have confirmed that a remedy is required in all affected public sector pension schemes, which includes the LGPS.

Briefing notes provided by the actuary have indicated they expect the impact will be minimal for LGPS funds.

(3) Guaranteed Minimum Pension (GMP). On 22 January 2018, the Government published the outcome to its Indexation and equalisation of GMP in public service pension schemes consultation, concluding that the requirement for public service pension schemes to fully price protect the GMP element of individuals' public service pension would be extended to those individuals reaching State Pension Age (SPA) before 6 April 2021. HM Treasury published a Ministerial Direction on 4 December 2018 to implement this outcome, with effect from 6 April 2016.

Briefing notes provided by the actuary have indicated they do not expect to make any adjustments to the value placed on the liabilities as a result of the above outcome.

(4) Discount rates. There has been a change in financial assumptions over the period, including the discount rate. The discount rate has been reduced which has resulted in a higher value being placed on the defined benefit obligation. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

(5) Mortality assumptions. Details of the changes in mortality assumptions are shown in note 26. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions have been updated in line with those adopted for the Fund's 2019 actuarial valuation which anticipates a reduction in projected life expectancies. The lower life expectancy assumptions result in a lower value being placed on the defined benefit obligation. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

3. Income from donations and capital grants

	Unrestricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	*Total funds 2019 £000*
Donations	21	-	21	*41*
Capital grants	-	846	846	*795*
	21	846	867	*836*
Analysis of 2019 total by fund	*41*	*795*	*836*	

4. Income from other trading activities

	Unrestricted funds 2020 £000	Total funds 2020 £000	*Total funds 2019 £000*
Wraparound care	37	37	*60*
Insurance claims	7	7	*51*
Hire of facilities	1	1	*5*
Sale of uniform	4	4	*8*
Other	-	-	*1*
	49	49	*125*
Analysis of 2019 total by fund	*125*	*125*	

5. Investment income

	Total funds 2020 £000	*Total funds 2019 £000*
Bank interest	1	*1*
Analysis of 2019 total by fund	*1*	

6. Funding for the academy trust's educational operations

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	*Total funds 2019 £000*
DfE/ESFA grants				
General Annual Grant (GAG)	-	3,708	3,708	*3,761*
Other DfE/ESFA grants	-	692	692	*594*
	-	4,400	4,400	*4,355*
Other government grants				
Local authority grants	-	76	76	*94*
SEN funding	-	292	292	*166*
	-	368	368	*260*
Exceptional government funding				
Coronavirus exceptional support	-	9	9	-
	-	9	9	-
Other funding				
Educational trips	-	18	18	*54*
Catering	1	-	1	-
Other	11	-	11	*19*
	12	18	30	*73*
	12	4,795	4,807	*4,688*
Analysis of 2019 total by fund	*19*	*4,669*	*4,688*	

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

The funding received for coronavirus exceptional support covers £9k of premises and other support costs. These costs are included in notes 7 and 9 below as appropriate.

7. Expenditure

	Staff Costs 2020 £000	Premises 2020 £000	Other 2020 £000	Total 2020 £000	*Total 2019 £000*
Expenditure on fundraising trading activities:					
Direct costs	-	-	5	5	*12*
Educational operations:					
Direct costs	3,077	250	349	3,676	*3,494*
Allocated support costs	806	242	452	1,500	*1,544*
	3,883	492	806	5,181	*5,050*
Analysis of 2019 total	*3,802*	*416*	*832*	*5,050*	

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	*Total funds 2019 £000*
Educational operations	118	5,058	5,176	*5,038*
Analysis of 2019 total by fund	*175*	*4,863*	*5,038*	

9. Analysis of expenditure by activities

	Direct costs 2020 £000	Support costs 2020 £000	Total funds 2020 £000	*Total funds 2019 £000*
Educational operations	3,676	1,500	5,176	*5,038*
Analysis of 2019 total	*3,494*	*1,544*	*5,038*	

Analysis of support costs

	Total funds 2020 £000	*Total funds 2019 £000*
Staff costs	800	*921*
Premises costs	242	*237*
Technology costs	103	*74*
Other support costs	334	*287*
Governance costs	21	*23*
Legal fees	-	*2*
	1,500	*1,544*

10. Net (expenditure)/income

Net (expenditure)/income for the year includes:

	2020 £000	*2019 £000*
Operating lease rentals	8	*13*
Depreciation of tangible fixed assets	274	*205*
Fees paid to auditors for:		
- audit	14	*13*
- other services	5	*10*

11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £000	*2019 £000*
Wages and salaries	2,807	*2,728*
Social security costs	198	*210*
Pension costs	821	*760*
	3,826	*3,698*
Agency staff costs	48	*49*
Staff restructuring costs	9	*55*
	3,883	*3,802*

Staff restructuring costs comprise:

	2020 £000	*2019 £000*
Redundancy payments	-	*53*
Severance payments	9	*2*
	9	*55*

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

The non-statutory/non-contractual severance payment is an individual amount of £8,500.

c. Staff numbers

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

	2020 No.	*2019 No.*
Teachers	51	*49*
Administration and support	104	*111*
Management	7	*9*
	162	*169*

11. Staff (continued)

c. Staff numbers (continued)

The average headcount expressed as full-time equivalents was:

	2020 **No.**	*2019* *No.*
Teachers	43	*42*
Administration and support	57	*57*
Management	6	*8*
	106	*107*

d. Higher paid staff

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

	2020 **No.**	*2019* *No.*
In the band £60,001 - £70,000	-	*1*

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £391,430 *(2019 - £485,766)*.

12. Trustees' remuneration and expenses

No trustees were paid any remuneration from an employment with the academy trust in the year. Interim CEO and Accounting Officer services were provided by Mr. D. Whitehead, who is also CEO and Accounting Officer for the Potential in Everyone Academy Trust ("PiEAT"). PiEAT invoiced the Academy Trust directly for the services provided by Mr. D. Whitehead under an approved Service Level Agreement. The total amount charged for the services provided by Mr. D. Whitehead in the year amounted to £56,750 *(2019 - £11,048)*.

During the year ended 31 August 2020, expenses totalling £148.50 were reimbursed or paid directly to 1 trustee *(2019 - £Nil)*.

13. Central services

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

- Human resources
- Financial services
- Legal services
- Educational support services
- IT services
- Leadership support

The academy trust charges for these services on the following basis:

All central service expenditure is recharged to the trust's academies, pro-rated according to the amounts of GAG income received by the academy in the year, together with specific costs as required.

The actual amounts charged during the year were as follows:

	2020 **£000**	*2019* *£000*
Dymchurch Primary School	80	*92*
Lydd Primary School	110	*116*
Lynsted & Norton Primary School	42	*53*
Milstead & Frinsted Church of England Primary School	51	*56*
Petham Primary School	52	*52*
Selling Church of England Primary School	72	*82*
Total	407	*451*

14. Trustees' and Officers' insurance

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

15. Tangible fixed assets

	Leasehold property £000	Leasehold improvements £000	Assets under construction £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation						
At 1 September 2019	5,228	775	611	123	172	6,909
Additions	184	-	336	19	-	539
Transfers between classes	611	-	(611)	-	-	-
At 31 August 2020	6,023	775	336	142	172	7,448
Depreciation						
At 1 September 2019	538	163	-	54	139	894
Charge for the year	250	-	-	11	13	274
At 31 August 2020	788	163	-	65	152	1,168
Net book value						
At 31 August 2020	5,235	612	336	77	20	6,280
At 31 August 2019	*4,690*	*612*	*611*	*69*	*33*	*6,015*

16. Debtors

	2020 £000	*2019 £000*
Trade debtors	1	*2*
Other debtors	91	*81*
Prepayments and accrued income	661	*246*
	753	*329*

17. Creditors: Amounts falling due within one year

	2020 £000	*2019 £000*
Trade creditors	181	*115*
Other taxation and social security	5	*-*
Other creditors	17	*24*
Accruals and deferred income	369	*474*
	572	*613*

	2020 £000	*2019 £000*
Deferred income at 1 September 2019	86	*84*
Resources deferred during the year	58	*86*
Amounts released from previous periods	(86)	*(84)*
	58	*86*

At the balance sheet date, the academy trust was holding funds received in advance of the 2020/21 academic year for ESFA UIFSM and rates relief funding.

18. Statement of funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
General funds	289	83	(123)	(3)	-	246
Restricted general funds						
General Annual Grant (GAG)	206	3,706	(3,733)	(40)	-	139
Other DfE/ESFA grants	89	702	(464)	(14)	-	313
Other government grants	-	369	(308)	-	-	61
Other restricted funds	-	18	(28)	10	-	-
Pension reserve	(2,724)	-	(251)	-	(388)	(3,363)
	(2,429)	4,795	(4,784)	(44)	(388)	(2,850)
Restricted fixed asset funds						
Fixed assets	6,015	-	(274)	539	-	6,280
DfE/ESFA capital grants	176	846	-	(492)	-	530
	6,191	846	(274)	47	-	6,810
Total Restricted funds	3,762	5,641	(5,058)	3	(388)	3,960
Total funds	4,051	5,724	(5,181)	-	(388)	4,206

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

General Annual Grant (GAG) must be used for the normal running costs of the academy trust.

The other DfE/ESFA grants fund is used to track non-GAG grants received from the ESFA, the DfE or executive agencies of the DfE, and included Pupil Premium and Universal Infant Free School Meals funding.

The other government grants fund is used to track grants provided by other government departments, including local authorities.

The other restricted fund relates to school trip income and expenditure.

The pensions reserve is a restricted fund to account for the liability arising under the Local Government Pension Scheme.

The restricted fixed asset fund is carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held.

18. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £000	*2019 £000*
Dymchurch Primary School	174	*131*
Lydd Primary School	210	*88*
Lynsted & Norton Primary School	34	*89*
Milstead & Frinsted Church of England Primary School	172	*136*
Petham Primary School	67	*90*
Selling Church of England Primary School	196	*159*
Central trust function	(94)	*(109)*
Total before fixed asset funds and pension reserve	759	*584*
Restricted fixed asset fund	6,810	*6,191*
Pension reserve	(3,363)	*(2,724)*
Total	4,206	*4,051*

The following academy is carrying a net deficit on its portion of the funds as follows:

	Deficit £000
Central trust function	(94)

The central trust function has been in deficit since 2016/17, however the deficit increased significantly in 2017/18 as a result of the rebrokerage of Pilgrims' Way academy away from the trust. This rebrokerage resulted in significant additional costs due to the need to restructure the central team which had been based at Pilgrims' Way, and also to take into account the reduction in top slice payments received post rebrokerage and in future years. The planned restructure for 2018/19 was completed in August 2019 however redundancy and pension liability costs resulted in the central deficit rising further in 2018/19.

Operational and strategic changes are in progress with the aim of gradually reducing the carried forward deficit over the next three years, and the central trust deficit has reduced by £15k during 2019/20 as a result of these.

18. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	**Other support staff costs £000**	**Educational supplies £000**	**Other costs excluding depreciation £000**	**Total 2020 £000**	*Total 2019 £000*
Dymchurch Primary School	561	111	63	90	825	*816*
Lydd Primary School	875	125	69	126	1,195	*1,092*
Lynsted & Norton Primary School	356	43	44	68	511	*457*
Milstead & Frinsted Church of England Primary School	355	53	41	58	507	*498*
Petham Primary School	334	80	61	79	554	*487*
Selling Church of England Primary School	487	88	52	76	703	*733*
Central trust function	115	49	(10)	208	362	*472*
Central trust function (LGPS)	-	251	-	-	251	*290*
Academy trust	3,083	800	320	705	4,908	*4,845*

18. Statement of funds (continued)

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

	Balance at 1 September 2018 £000	*Income £000*	*Expenditure £000*	*Transfers in/out £000*	*Gains/ (Losses) £000*	*Balance at 31 August 2019 £000*
Unrestricted funds						
General funds	*292*	*188*	*(187)*	*(4)*	-	*289*
Restricted general funds						
General Annual Grant (GAG)	*(50)*	*3,761*	*(3,505)*	-	-	*206*
Other DfE/ESFA grants	*54*	*594*	*(547)*	*(12)*	-	*89*
Other government grants	-	*258*	*(258)*	-	-	-
Other restricted funds	-	*54*	*(54)*	-	-	-
Pension reserve	*(1,898)*	-	*(290)*	-	*(536)*	*(2,724)*
	(1,894)	4,667	(4,654)	*(12)*	*(536)*	*(2,429)*
Restricted fixed asset funds						
Fixed assets	*5,502*	-	*(205)*	*718*	-	*6,015*
DfE/ESFA capital grants	*87*	*795*	*(4)*	*(702)*	-	*176*
	5,589	795	(209)	*16*	-	*6,191*
Total Restricted funds	*3,695*	*5,462*	*(4,863)*	*4*	*(536)*	*3,762*
Total funds	*3,987*	*5,650*	*(5,050)*	-	*(536)*	*4,051*

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

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	6,280	6,280
Current assets	246	1,085	530	1,861
Creditors due within one year	-	(572)	-	(572)
Provisions for liabilities and charges	-	(3,363)	-	(3,363)
Total	246	(2,850)	6,810	4,206

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £000	*Restricted funds 2019 £000*	*Restricted fixed asset funds 2019 £000*	*Total funds 2019 £000*
Tangible fixed assets	-	-	6,015	*6,015*
Current assets	289	908	176	*1,373*
Creditors due within one year	-	(613)	-	*(613)*
Provisions for liabilities and charges	-	(2,724)	-	*(2,724)*
Total	289	(2,429)	6,191	*4,051*

20. Reconciliation of net income to net cash flow from operating activities

	2020 £000	*2019 £000*
Net income for the period (as per Statement of financial activities)	543	*600*
Adjustments for:		
Depreciation	274	*205*
Capital grants from DfE and other capital income	(846)	*(795)*
Interest receivable	(1)	*(1)*
Defined benefit pension scheme cost less contributions payable	202	*242*
Defined benefit pension scheme finance cost	49	*48*
Increase in debtors	(424)	*(9)*
(Decrease)/increase in creditors	(41)	*111*
Net cash (used in)/provided by operating activities	(244)	*401*

21. Cash flows from investing activities

	2020 £000	*2019 £000*
Dividends, interest and rents from investments	1	*1*
Purchase of tangible fixed assets	(539)	*(718)*
Capital grants from DfE Group	846	*795*
Net cash provided by investing activities	308	*78*

22. Analysis of cash and cash equivalents

	2020 £000	*2019 £000*
Cash in hand	1,002	*939*
Notice deposits (less than 3 months)	106	*105*
Total cash and cash equivalents	1,108	*1,044*

23. Analysis of changes in net debt

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash at bank and in hand	1,044	64	1,108

24. Contingent liabilities

The trust has a contingent liability in respect of term time only workers' annual leave. During the year certain trades unions began looking at potentially making claims against Kent based education employers regarding the calculation of term time only workers' annual leave. This is on the back of settlements they have made in other local authorities for their members regarding changing the calculation and back pay.

Whilst the academy trust is free to set its own pay rates, in common with most academies it closely follows the local authority scales. The Kent County Council (KCC) 'Kent Scheme' Pay Scales were amended from 1 April 2020 following a change to the way leave for term time only staff is calculated and the trust has followed by altering its own approach. KCC has received representations that there is a wish to make a settlement on back pay as the unions believe their members have been historically underpaid. KCC is resisting making any collective settlement and is encouraging individual employer schools and academies to do likewise.

The unions are attempting to bring the issue to their members and encouraging them to make a claim in the Employment Tribunal. If this is successful the trust may be liable. At the date of approval of these financial statements it is unclear (i) whether a back settlement liability may exist, (ii) if does how many years back this may go, and (iii) whether the liability or share of the liability would sit with KCC.

25. Capital commitments

	2020 £000	*2019 £000*
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	430	*429*

The capital commitments at the year end relate to roofing projects that had not been completed at the year end. The prior year capital commitments were for fire safety improvements at four of the trust's academies. The works were completed in October 2019.

26. Pension commitments

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

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

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

26. Pension commitments (continued)

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.

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 £378,000 *(2019 - £262,000)*.

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £270,000 *(2019 - £247,000)*, of which employer's contributions totalled £216,000 *(2019 - £193,000)* and employees' contributions totalled £ 54,000 *(2019 - £54,000)*. The agreed contribution rates for future years are 20 per cent, rising to 21 per cent in April 2021 and then 22.5% in April 2022, for employers and 5.5 to 12.5 per cent for employees. The rates will be re-assessed before April 2023.

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

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

26. Pension commitments (continued)

Principal actuarial assumptions

	2020 %	*2019* *%*
Rate of increase in salaries	3.25	*3.70*
Rate of increase for pensions in payment/inflation	2.25	*2.20*
Discount rate for scheme liabilities	1.60	*1.90*
Inflation assumption (CPI)	2.25	*2.20*

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

	2020 Years	*2019* *Years*
Retiring today		
Males	21.8	*22.1*
Females	23.8	*24.0*
Retiring in 20 years		
Males	23.2	*23.7*
Females	25.2	*25.8*

Sensitivity analysis

	2020 £000	*2019* *£000*
Discount rate +0.1%	(177)	*(149)*
Discount rate -0.1%	182	*153*
Mortality assumption - 1 year increase	243	*196*
Mortality assumption - 1 year decrease	(235)	*(189)*
CPI rate +0.1%	167	*134*
CPI rate -0.1%	(162)	*(131)*

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

	2020 £000	*2019* *£000*
Equities	2,167	*2,098*
Gilts	22	*22*
Corporate bonds	432	*278*
Property	368	*359*
Cash and other liquid assets	102	*82*
Investment funds	255	*239*
Total market value of assets	3,346	*3,078*

26. Pension commitments (continued)

The actual return on scheme assets was £238,000 *(2019 - £127,000)*.

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

	2020 £000	2019 £000
Current service cost	(416)	*(359)*
Past service cost	-	*(75)*
Interest income	61	*75*
Interest cost	(110)	*(123)*
Administrative expenses	(2)	*(1)*
Total amount recognised in the Statement of financial activities	(467)	*(483)*

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

	2020 £000	2019 £000
At 1 September	5,802	*4,633*
Current service cost	416	*359*
Interest cost	110	*123*
Employee contributions	54	*54*
Actuarial losses	360	*588*
Benefits paid	(33)	*(30)*
Past service costs	-	*75*
At 31 August	6,709	*5,802*

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

	2020 £000	2019 £000
At 1 September	3,078	*2,735*
Interest income	61	*75*
Actuarial (losses)/gains	(28)	*52*
Employer contributions	216	*193*
Employee contributions	54	*54*
Benefits paid	(33)	*(30)*
Administration expenses	(2)	*(1)*
At 31 August	3,346	*3,078*

27. Operating lease commitments

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

	2020 **£000**	*2019* *£000*
Not later than 1 year	7	*7*
Later than 1 year and not later than 5 years	19	*3*
	26	*10*

28. 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.

29. Controlling party

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

30. Related party transactions

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

The following related party transactions have taken place during the year:

Expenditure Related Party Transactions

Mr. D. Whitehead, the Accounting Officer and and a Trustee of Potential in Everyone Academy Trust ("PiEAT"), has acted as The Village Academy's interim CEO from 1 July 2019. As a result of holding this position Mr. D. Whitehead has also been The Village Academy's Accounting Officer since 1 July 2019. The two trusts have been deemed to be related parties since 1 July 2019 due to having the same Accounting Officer.

The Village Academy has a service level agreement with PiEAT which includes the provision of Mr. D. Whitehead's services together with other educational support and clerking. During the year ended 31 August 2020 a total of £142,592 was paid to PiEAT. At 31 August 2020, of this total £62,053 remained outstanding, and was owed to PiEAT.

The academy trust purchased plumbing services from Mr. G. Whitehead, the father of Mr. D. Whitehead, the Accounting Officer. The total amount paid to Mr. G. Whitehead during the year amounted to £221 *(2019 - £Nil)*. There were no amounts outstanding at the year end *(2019 - £Nil)*. The academy trust made the purchase at arms' length in accordance with its usual financial policies and financial regulations, which Mr. D. Whitehead neither participated in, nor influenced.

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.

Since the transaction was below the de minimus threshold of £2,500 the "at cost" rules of the Academies Financial Handbook were not relevant.

The academy trust purchased IT equipment from Medway Computer Components Limited, of which Mr. A. Lucas, the husband of Mrs. L. Lucas the interim School Business Manager, is a director. The total amount paid to Medway Computer Components Limited during the year amounted to £897 *(2019 - £Nil)*. There were no amounts outstanding at the year end *(2019 - £Nil)*. The academy trust made the purchase at arms' length in accordance with its usual financial policies and financial regulations, which Mrs. L. Lucas neither participated in, nor influenced.

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.

Since the transaction was below the de minimus threshold of £2,500 the "at cost" rules of the Academies Financial Handbook were not relevant.