

Aletheia Anglican Academies Trust

(A company limited by guarantee)

Annual report and financial statements

For the year ended 31 August 2020



Aletheia Anglican Academies Trust
(A company limited by guarantee)

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Reference and Administrative Details
For the Year Ended 31 August 2020

Members	Area Dean of Gravesend (The Rev. N.I. Bourne) Archdeacon of Rochester (The Rev. A. Wooding Jones) Bishop of Rochester (The Right Reverend J. Langstaff) Chair of Trustees (Ms. Z.C. Bucknell) to 09 December 2019 Chair of Trustees (Mr. A.J. Smith) appointed 10 December 2019 Rochester Diocesan Board of Education (Mr J. Constanti)
Trustees	Ms. Z.C. Bucknell, Chair of Trustees (ended 09 December 2019) Mr. A.J. Smith, Chair of Trustees (appointed as Chair of Trustees 10 December 2019)* Mr. N.R. Bird (ended 09 December 2019) Mr. S. Carey, Accounting Officer* Mr. R. Hicks* Mr. W. Johnson* Mr. J. King Mrs H. Overton Mrs J. Barker-Platt (appointed 16 July 2020) Mr J. Holt (appointed 16 July 2020) * Members of the Audit & Risk Committee
Company registered number	07801612 (England and Wales)
Principal and registered office	Saint George's Church of England School, Meadow Road Gravesend, Kent DA11 7LS
Senior management team	Mr. S. Carey, Chief Executive Officer, Executive Headteacher Mr. M. Lillie, Head of School at Saint George's Church of England School Mrs. A. Chitty, Head Teacher at St Botolph's Church of England Primary School Miss. T. Hewett, Head of School at Shorne Church of England Primary School Mrs. J. Rolfe, Head Teacher at Stone St Mary's Church of England Primary School Mr. G. Pollard, Head Teacher at Horton Kirby Church of England Primary School Mrs. K. Trowell, Head Teacher at Sutton-at-Hone Church of England Primary School Mrs. J. Roddan, Head of School at Rosherville Church of England Primary Academy Mr. T. Seath, Chief Finance Officer Ms. S Tunnicliffe, Senior Improvement Officer Mr. N. Thomas, Operations Officer
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants, Statutory Auditors Thames House Roman Square Sittingbourne Kent. ME10 4BJ
Bankers	Lloyds Bank 78 New Road, Gravesend Kent DA11 0AR
Solicitors	Stone King LLP Boundary House 91 Charterhouse Street Clerkenwell London EC1M 6HR

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Trustees' Report
For the Year Ended 31 August 2020

The Trustees present their annual report together with the financial statements and auditor's report of the Academy trust for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The Academy Trust operates 6 primary and 1 secondary academies in North West Kent. Its academies have a combined pupil capacity of 3,339* and had a roll of 3,253 in the October 2019 school census.

*Pupil capacity is based on open year groups

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust is a company limited by guarantee (registration number 07801612) and an exempt charity, and its memorandum and articles of association are the primary governing documents of the Trust.

The Trustees of Aletheia Anglican Academies Trust are also the directors for the purposes of company law.

Details of the Trustees who served during the year 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 they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Trustees' Indemnities

The Academy Trust maintains Trustees' 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.

Details of the insurance cover are provided in note 13 to the financial statements.

Method of Recruitment and Appointment or Election of Trustees

Potential new Trustees are identified by the Board, ensuring that the skills and experience of new Trustees are complementary to those of existing Board Members. The Members appoint a minimum of 5 Trustees. The Chief Executive Officer is treated for all purposes as being a Trustee.

In circumstances where the Trustees have not appointed at least 2 Governors being parents of pupils attending the relevant Academy, there shall be a minimum of 2 parent Trustees appointed by the Members.

Policies and procedures adopted for the induction and training of Trustees

During the year under review the full Board of Trustees met 5 times and as a sub-committee on 3 occasions. There would usually be a minimum number of 3 full Local Governing Body meetings held at each Academy plus various committee meetings, but due to Covid-19 it was agreed to suspend Governing Bodies from April 2020 for the remainder of 2019/20.

The training and induction provided for new Trustees depends on their previous experience. Where necessary the induction process will provide training on charity, educational, legal, safeguarding and financial matters. All new Trustees are welcome to visit the academies and to meet with staff and students. 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. As there are normally no more than one or two new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational Structure

There is a clear organisational structure to control the way in which the Trust is run. The governance structure consists of three ~~four~~ levels: the Members, the Trustees, and the Local Governors (including Headteachers and Heads of School) at each Academy. The management structure consists of the Management Board (Senior management team) and senior leadership teams at each Academy. The aim of the organisational structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees make decisions about the strategic direction of the Trust; holds the executive to account for the performance of academies and their pupils and staff; oversee the Trust's financial performance. They provide direction to the Local Governing Bodies, which are responsible for performance of the individual academies and the use of their budgets.

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The management Board comprises the CEO/Accounting Officer, all Head Teachers & Heads of School, Senior Improvement Officer, Chief Finance Officer and Operations Officer. These managers control the Academy Trust at an operational level implementing the policies laid down by the Trustees and Governors and reporting back to them. As a group the Management Board are responsible for the authorisation of spending up to a level delegated to them within agreed budgets and the appointment of staff, although Appointment Boards for senior posts in the Trust Central Team must include Trustee representation and posts in Academy Senior Leadership Teams always contain a Governor. Some spending control is devolved to Members of individual Academy Senior Leadership Teams, with limits above which a member of the Management Board must countersign.

The Local Governing Bodies and the principals control the academies on a day to day basis.

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.

Only staff Trustees are remunerated and these individuals only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as Trustees. Specific disclosures concerning staff Trustees' remuneration is included in note 14.

All details of setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the Board of Trustees.

Remuneration of key management personnel is set at an individual level. CEO remuneration is reviewed by a panel of Trustees. Head Teacher and Head of School remuneration is reviewed annually by the CEO and Chair of the relevant Local Governing Body. Other key management staff are reviewed by the CEO.

Where possible the Trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked to pay spines, enabling Trustees to delegate to the CEO approval of individual remuneration 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 bear in mind the charitable status of the Academy Trust and it recognises the fact that the Trust receives funding 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 12(e).

Trade union facility time

There are no Members of staff, either part or full time, that are paid for being a Union representative.

Related Parties and other Connected Charities and Organisations

The Academy Trust is not linked with any sponsors, however it continues to have close involvement with the Rochester Diocesan Board of Education, who hold title of the footprint of the land as detailed in the Accounting Policies. Some of our academies have a PTA organisation see note 35.

Engagement with employees (including disabled persons)

The Academy Trust keeps employees in touch and up to date with matters that concern them via email and regular staff briefings and training sessions. A resolution was taken to start a Trust wide 'Staff Voice' in February 2020, however this was postponed due to Covid-19 but will commence in Autumn 2020. All employees have an individual workplace email account which has proved crucial for communication in recent times (Covid-19).

There are Trust wide CPD groups and support networks such as the Deputy Headteacher Group and Finance Forum.

Employees are consulted on matters that concern them such as the revision of the performance management policy. Performance management encourages employees to do their best for the Trust.

By adhering to the Trust Single Equality Scheme, individuals who are or may become disabled are not adversely treated with regards to applications for employment, training, career development and promotion.

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OBJECTIVES, STRATEGIES AND ACTIVITIES

Objects and Aims

In accordance with the articles of association the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education:-

Aletheia academies are motivated by Christian values to serve our communities by improving the life chances of local children. At the heart of the Aletheia vision are the belief in educational excellence and the belief that Aletheia is called to serve pupils, staff, parents and the local community by providing places where children and young people develop and thrive intellectually, socially, culturally and spiritually.

Aletheia will deliver its vision by:

- Developing a Trust for all ages /phases of education, with member schools working in partnership and learning from each other.
- Promoting a Church of England ethos based on a belief in the value and potential of every student to achieve excellence academically; in religious education and their wider studies and become fully the person God intends.
- Pursuing educational excellence, so that outcomes for all learners are as good as they can be.
- Creating strong leadership at all levels that impacts effectively on Academy performance.

Objectives, Strategies and Activities

The main objectives of the Academy Trust during the year ended 31 August 2020 are summarised below:

- To embed our values, ethos and ideas about wellbeing.
- To ensure high quality staffing throughout our community.
- To achieve consistency and accountability in all practice.
- To create sustainability (staff and students, physical environment, financially).
- To provide outcomes for **all** of our students.

The Academy Trust's main strategy is to provide access to the best possible teaching facilities and staff. The main activities include:

- Tuition and learning opportunities for all students to maximise individual academic progress
- Training opportunities for all staff
- A programme of sporting and after school activities for all students
- A programme of collective worship and worship-based activities
- Sourcing work experience and careers advice to help students obtain employment or move on to higher education.

Public Benefit

The Aletheia Anglican Academies Trust strives to promote and support the advancement of education within the North West Kent area. The academies provide an extensive programme of educational and recreational activity - all designed to contribute to the overall education of our students in areas such as academic distinction, music, the arts and sport. For example, the academies collaborate to provide mathematics, languages and physical education support.

Wherever possible the academies aim 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. For example, Punjabi lessons at Saint George's, parent groups and various sports lettings including the swimming pool at Sutton-at-Hone CEP and MUGA (Multi Use Games Area) at Saint George's.

In setting our objectives and planning our activities the Trustees have carefully considered 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.

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STRATEGIC REPORT

Achievement and Performance

Due to the period of school closure caused by Covid-19, Secondary school results were centre assessed grades benchmarked to the assessment of the previous year.

Secondary results:

GCSE	2020	2019
Basics 4+	66%	65%
Basics 5+	46%	35%
Attainment 8	45.54	43.90
Progress 8	+0.48	+0.11
EBacc	19.7%	23%
A Level	2020	2019
3 A*-E	42%	50%
2 A*-E	83%	88.8%
1 A*-E	98.8%	94.5%
Academic average points per entry	33.8 (C)	33.31 (C)
Value Added	0.46	0.22

Due to the period of school closure caused by Covid-19, no results were published for Primary attainment. A reminder of previously reported Primary performance is provided below.

Primary data averages:

	<u>2018/19 School (National)</u>	<u>2017/18 School (National)</u>
EYFS	73.1% (71.8%)	76.3% (71.5%)
KS1 Phonics Screening	84.8% (81.9%)	82.0% (81.2%)
Year 2 Phonics Retakes	55.0% (56.0%)	71.67% (60.8%)
KS1 Reported Data: Expected Standard Reading	74.0% (74.9%)	81.3% (69.9%)
KS1 Reported Data: Expected Standard Writing	72.6% (69.2%)	75.3% (68.2%)
KS1 Reported Data: Expected Standard Maths	77.5% (75.6%)	82.7% (76.1%)
KS2 Reported Data: Combined Expected	70.0% (65.0%)	78.3% (64.0%)
KS2 Reported Data: Combined Greater Depth	12.5% (10.0%)	10.25% (10%)

Key Performance Indicators

The trustees consider that the following are key performance indicators (KPIs) for the Academy Trust are monitor them on a regular basis:

	Unit	2020	2019
Student Numbers: Comparison with Published Admission Numbers (PAN = 3,289)	Pupil	3,268	3,160
Financial stability (revenue fund balances)	£	2,001,000	1,588,000
% of total spend on staff pay	%	78.3	77.7
% of total spend on teaching staff pay	%	55.7	54.1
% of total spend on curriculum support staff pay	%	13.0	13.1
% of total spend on non-curriculum support staff pay	%	9.6	10.5
Pupil - teacher ratio (Primary)	Pupil	22.6	22.8
Pupil - teacher ratio (Secondary)	Pupil	16.2	16.5
Average teacher cost (including on-costs)	£	45,948	41,951
Teacher contact ratio		0.80	0.77
Average class size	Pupil	28	27

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In addition to the above during 2019/20 three academies were inspected by Ofsted. Stone St. Mary's CEP, Sutton-at-Hone CEP and Horton Kirby CEP all received a rating of GOOD. Saint George's received a SIAMS (Statutory Inspection of Anglican and Methodist Schools) inspection and were awarded a rating of OUTSTANDING.

Going Concern

The Board of Trustees has reviewed the ESFA good practice factsheet on Going Concern and has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

Most of the Academy Trust's recurrent income is received in the form of grants from the Education and Skills Funding Agency ("ESFA"), the use 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").

Total income for the year, as shown by the SoFA, amounted to £19.52m an increase on the £16.97m in the prior year. The increase is predominantly due to an increase in capital funding this year of £3.6m compared to £1.8m in 2018/19.

Revenue income for the year relating to the day to day running of the trust's academies was £15.9m compared to £15.1m in the prior year. Most of this income is detailed in note 4, which shows of an increase of £742k in core General Annual Grant funding. The rise in Other DfE/ ESFA grant income is largely due to the new teacher pension grant introduced for 2019/20 to cover the increase in employer's contributions rates in September 2019.

The SoFA shows total expenditure for the year of £16.6m leaving net income before other recognised gains / (losses) of £2.89m (2019: £1.2m). After an actuarial loss of £677k (2019: £1.06m), part of the movement in the Local Government Pension Scheme (LGPS) deficit for the year, the net movement in funds for the year was £2.2m (2019: £169k).

The result on revenue income funds is not clear on the SoFA because of the impact of movements through other funds for the pension and capital transactions, and so the table below has been included, reconciling from the overall net movement in funds to the increase in revenue funds for the year. The 'operational' result prior to revenue to capital transfers is also stated:

	2020 (£000s)	2019 (£000s)
Overall net movement in funds for the year per SOFA	2,217	169
(Increase) / decrease attributable to fixed asset fund	(3,156)	(1,240)
LGPS actuarial loss / (gain)	677	1,059
LGPS service and interest costs	675	621
Movement on revenue funds during the year	413	609
Add: Transfers from revenue to capital to fund fixed asset additions	186	219
Operational surplus / (deficit) on revenue funds before transfers to capital	599	828

At 31 August 2020, the net book value of fixed assets was £714k and movements in tangible fixed assets are shown in note 16 to the financial statements. As explained in accounting policy 1.7 the land and buildings occupied by the Academy Trust's academies are generally not included on the Balance Sheet since they are occupied under the terms of a Church Supplemental Agreement with the freehold owners.

During the year the assets were used almost exclusively for providing education and the associated support services to the pupils of the academies, the only exceptions to this being letting of the premises to local community groups and other affiliated organisations.

Financial position

The Academy Trust held fund balances at 31 August 2020 of £1.19m (2019: *minus* £1.03m). These funds included restricted fixed asset funds of £5.98m (2019: £2.83m) and revenue reserves of £2.0m (2019: £1.59m) split across restricted and unrestricted funds as shown in note 21.

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The only fund in deficit was the LGPS pension reserve of £6.8m (2019: £5.43m). The deficit is not a concern and does not mean that an immediate liability crystallises. It can be described as an accounting deficit which has no direct effect on the employer contribution rate paid by the school, which is determined using longer-term funding assumptions. These contribution rates are reviewed every three years in consultation with the scheme's administrators, and current employer contributions due by the multi-Academy Trust are set, with incremental annual adjustments, for the next three years until 1 April 2023.

Reserves Policy

The Trustees have reviewed the financial statements of the Trust. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of reserves. The level of reserves will be kept under review by the Trustees. The Trustees will always try to match income with expenditure in the current year (set and manage a balanced budget), 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. In view of the restrictions contained in the academies' funding agreements, the Trustees have currently not yet adopted but are reviewing a formal policy regarding the level of reserves.

Investment Policy

The Trustees did not adopt an investment policy as the level of free reserves was not considered large enough to enable long term investment after providing a contingency to deal with unexpected emergencies such as urgent maintenance. This will continue to be reviewed by Trustees.

Principal Risks and Uncertainties

Nick Thomas, Operations Officer is responsible for the maintenance of the Trust Risk Register and reporting to Trustees and Key Management. The main risks that the Academy Trust is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and management plans:

- *Reputational* - this covers risks to its performance in delivering the curriculum.
- *Operational* - there are two principal operational risks and uncertainties relating to the Trust.

The future level of funding of primary and secondary education is uncertain in the current economic climate. The Trustees also set prudent budgets to enable the academies to react to changes in funding levels, if necessary.

The finances of the academies are highly sensitive to the number of pupils who are enrolled each year. The Trustees and principals are confident that the examination successes, enhanced reputations of their academies and the local need for places will enable them to attract an increased number of pupils. Projected pupil numbers and the associated financial implications are closely monitored by Trustees and Academy staff.

STREAMLINED ENERGY AND CARBON REPORTING

UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020	
Energy consumption used to calculate emissions (kWh)	1,870,284
Energy consumption break down (kWh)	
i. gas,	i. 1,042,413
ii. electricity,	i. 824,976
iii. transport fuel	ii. 3,396
<u>Scope 1 emissions in metric tonnes CO₂e</u>	
Gas consumption	191.67
Owned transport – mini-buses	0.31
<u>Scope 2 emissions in metric tonnes CO₂e</u>	
Purchased electricity	192.33
<u>Scope 3 emissions in metric tonnes CO₂e</u>	
Business travel in employee owned vehicles	0.64
Total gross emissions in metric tonnes CO ₂ e	384.96
<u>Intensity ratio</u>	
Tonnes CO ₂ e per pupil	0.12

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Quantification and Reporting Methodology:

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

Intensity measurement

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

Measures taken to improve energy efficiency

We have increased video conferencing technology for staff meetings, to reduce the need for travel between sites.

FUNDRAISING

The Trust does not get involved in any formal professional fundraising. Where relevant Trustees will adopt the 6 principles of fundraising recommended by the Charity Commission as per their publication "Charity fundraising: a Guide to Trustee Duties (CC20)". The 6 principles are:

- Planning effectively
- Supervising fundraisers
- Protecting reputation, money & other assets
- Identifying and ensuring compliance with the laws or regulations that apply to fundraising within a school
- Identifying and following any recognized standards applicable to fundraising within a school
- Being open and accountable

The Academy Trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

PLANS FOR FUTURE PERIODS

The Aletheia Anglican Academies Trust will continue to strive to maintain, and where necessary improve, the levels of attainment and progress of its students at all Key Stages.

The Trustees are committed to a policy of measured expansion within North West Kent as encouraged by the government's multi Academy Trust programme. In autumn 2015, the Trust achieved accreditation as an Academy sponsor to enable it to support local academies requiring improvement, following the necessary due diligence process.

The primary school at Saint George's opened in September 2019, creating an all-through provision with placements in Reception and Year 1. A local Church of England primary school is set to join the Trust as a convertor Academy on 1st November 2020. Our new All Through Free School to be sited within the new Ebbsfleet Garden City Development is due to open in September 2023. Rosherville CEP is due to be relocated to a new build school in 2024, increasing its capacity from 0.6FE to 2.0FE. Construction of a new teaching block will allow Saint George's secondary phase an increased year 7 intake of up to 30 pupils from September 2021. Trustees and Key Management will review the organisational structure (Trust Central Services Team) to reflect the growth of the Trust.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy Trust distributes 16-19 bursary funds to the students as an agent for the ESFA. Details, including any amounts not dispersed by the financial year end, are disclosed in note 33 to the financial statements.

As a School Direct provider the Trust is also in receipt of funding on behalf of other schools in the local area, as well as trainee teachers. The Trust is responsible for ensuring that these funds are distributed appropriately and within the agreed timescale.

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AUDITORS

In so far as the Trustees are aware:

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

The auditors, UHY Hacker Young, have indicated their willingness to continue in office, and the audit process will be reviewed in detail and their re-appointment will be considered following the forthcoming Annual General Meeting.

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



Mr. A.J. Smith
Chairman of Trustees



Mr. S. Carey
Chief Executive Officer and Accounting Officer

Date: 8 December 2020

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Governance Statement
For the Year Ended 31 August 2020

Scope of Responsibility

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

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The full Board of Trustees has formally met 5 times plus 3 Audit Committees during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

<u>Trustee</u>	<u>Full Board Meetings attended</u>	<u>Out of a possible</u>
N Bird (term ended 09 December 2019)	2	2
Z Bucknell (term ended 09 December 2019)	2	2
S Carey	5	5
R Hicks	4	5
W. Johnson	5	5
J King	4	5
H Overton	4	5
A Smith	5	5

During the year, the responsibilities of the Board of Trustees included those of the Audit Committee. Finance is a fixed agenda item at all Board of Trustee meetings.

The Academies Financial Handbook requires the full Board to meet at least three times per annum and recommends six meetings. Although the full Board of Trustees has met fewer than six times, effective oversight has been maintained via the sub-committee meetings and the monitoring of monthly management information.

The Board reviews its effectiveness annually. The use of external expertise in a supported self-review, planned for July 2020 was postponed as a result of COVID-19, which prevented the involvement of the external expert previously chosen.

Governance reviews

At the end of the year, two new Trustees joined the Board. J. Barker-Platt, who is a Chief Operations Officer at an Academy Trust in West Kent and J. Holt, who is a Head of Business Development. Both have agreed to be Members of the Finance, Audit & Risk Committee in 2020/21. Prior to 31 August 2020, the process leading to the appointment of Mark Till, Managing Director, as Trustee had commenced.

The Audit & Risk Committee is also a sub-committee of the main Board of Trustees. Its purpose is to:

- To maintain an oversight of the Academy Trust's governance, risk management, internal control and value for money framework.
- To report its findings annually to the Trust Board and the Accounting Officer as a critical element of the Academy Trust's annual reporting requirements.
- The Audit Committee has no executive powers or operational responsibilities/duties.

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Governance Statement
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Attendance at Audit & Risk Committee meetings in the year was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
N Bird (term ended 09 December 2019)	1	1
Z Bucknell (term ended 09 December 2019)	1	1
S Carey	3	3
R Hicks	2	3
W Johnson	3	3
A Smith	2	2

Review of value for money

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

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by employing an Operations Officer to focus upon the consolidation of procurement across the Trust.

Targeted Improvement: Staffing structures and timetables are regularly reviewed to ensure that staff are efficiently deployed and educational standards continue to improve. Resources were targeted to enhance provision to literacy, numeracy and EAL support. Individual student progress is monitored throughout the academic year to ensure that all students are quickly and accurately assessed and appropriate interventions and support are targeted to achieve the best outcome.

Collaboration: Links with other local Church Schools continue to grow since the forming of the Aletheia Anglican Academies Trust (MAT) in December 2014. This has enhanced the sharing of experts for the delivery of good practice (e.g. School Improvement / Primary physical education provision / Financial management) and enabled cost savings through economies of scale through shared administration and procurement costs (e.g. Insurance / HR & Payroll / Recruitment / Financial services / IT and Reprographics).

Better Purchasing: Procurement decisions are carefully considered by local Governors at regular governing body meetings. Expiring contracts and the replacement/renewal of equipment are considered and the best value long term options assessed prior to quotes being obtained (e.g. contract cleaning). Proposals/quotes are compared to ensure that goods and services are secured in the most economic, efficient and effective way. There is a tender process for major works e.g. buildings and boiler replacement projects. Professional advice is sought when necessary (e.g. major building works, human resources and legal).

Financial Governance and Management: Financial governance and oversight is robust. Each Academy produces a 3 year benchmarked budget plan and controls are in place for all levels of management to be provided with regular budget monitoring reports. This ensures that resources are managed effectively to meet the objectives of the Academy Trust. Termly Internal Control reports further inform local Governors and Trustees that the necessary controls are in place. Significant spending proposals are costed and presented to the management Board, senior leadership teams and the Local Governing Bodies for consideration and challenge.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. Due to school closure (Covid-19) and circumstances beyond our control, the final third internal control visit was cancelled. Two internal control audits were reported in December 2019 and April 2020.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period year 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.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Governance Statement
For the Year Ended 31 August 2020

The Risk and Control Framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and appointed Education Financial Service.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The internal auditor is employed to report 3 times per annum on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. 2109/20 internal auditor checks included:

- testing of month end controls and reporting;
- payroll testing;
- bank reconciliations;
- control codes – VAT, payroll, petty cash, loans, debtors and creditors; and
- purchasing procedures.

No material issues/concerns arose from the internal auditor's work.

Review of Effectiveness

As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control.

During the year in question the review has been informed by:

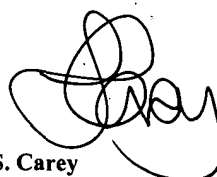
- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control 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 its behalf by:



Mr. A.J. Smith
Chairman of Trustees



Mr. S. Carey
Chief Executive Officer and Accounting Officer

Date: 8 December 2020

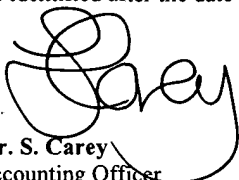
Aletheia Anglican Academies Trust
(A company limited by guarantee)

Statement on Regularity, Propriety and Compliance

As accounting officer of Aletheia Anglican Academies Trust 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.


Mr. S. Carey
Accounting Officer

Date: 8 December 2020

Aletheia Anglican Academies Trust
(A company limited by guarantee)

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

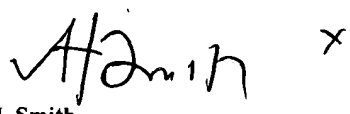
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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:


Mr. A.J. Smith
Chair of Trustees

Date: 8 December 2020

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Independent auditors' Report on the financial statements to the Members of Aletheia Anglican Academies Trust

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

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.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Independent auditors' Report on the financial statements to the Members of Aletheia Anglican Academies Trust
(continued)

Matters on which we are required to report by exception

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



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: 16 December 2020

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Aletheia Anglican Academies Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 29 September 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 Aletheia Anglican Academies Trust during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Aletheia Anglican Academies Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Aletheia Anglican Academies Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Aletheia Anglican Academies Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Aletheia Anglican Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Aletheia Anglican Academies Trust's funding agreement with the Secretary of State for Education dated 10 November 2014 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

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 Aletheia Anglican Academies Trust 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.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Aletheia Anglican Academies Trust 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: *16 December 2020*

Aletheia Anglican Academies Trust
(A company limited by guarantee)

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

		Unrestricted funds	Restricted funds	Restricted fixed asset funds	Total funds	<i>As restated</i> Total funds
	Note	2020	2020	2020	2020	2019
		£000	£000	£000	£000	£000
Income from:						
Donations and capital grants	3	57	-	3,627	3,684	1,919
Funding for the academy trust's educational operations	4	346	15,234	-	15,580	14,788
Other trading activities	5	257	-	-	257	259
Investments	6	2	-	-	2	1
Total income		662	15,234	3,627	19,523	16,967
Expenditure on:						
Raising funds		26	-	-	26	14
Charitable activities	9	299	15,647	657	16,603	15,725
Total expenditure		325	15,647	657	16,629	15,739
Net income/(expenditure)		337	(413)	2,970	2,894	1,228
Transfers between funds	21	-	(186)	186	-	-
Net movement in funds before other recognised gains/(losses)		337	(599)	3,156	2,894	1,228
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	30	-	(677)	-	(677)	(1,059)
Net movement in funds		337	(1,276)	3,156	2,217	169
Reconciliation of funds:						
Total funds brought forward		687	(4,542)	2,826	(1,029)	(1,198)
Net movement in funds		337	(1,276)	3,156	2,217	169
Total funds carried forward	21	1,024	(5,818)	5,982	1,188	(1,029)

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

The notes on pages 22 to 49 form part of these financial statements.

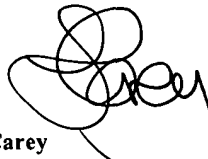
Aletheia Anglican Academies Trust
(A company limited by guarantee)
Registered number: 07801612

Balance sheet
As at 31 August 2020

	Note	2020 £000	As restated 2019 £000
Fixed assets			
Tangible assets	16	714	580
Current assets			
Stocks		35	28
Debtors	17	475	637
Cash at bank and in hand		7,803	3,836
		<u>8,313</u>	<u>4,501</u>
Creditors: amounts falling due within one year	18	(1,021)	(642)
Net current assets		<u>7,292</u>	<u>3,859</u>
Total assets less current liabilities		<u>8,006</u>	<u>4,439</u>
Creditors: amounts falling due after more than one year	19	(23)	(25)
Net assets excluding pension liability		<u>7,983</u>	<u>4,414</u>
Defined benefit pension scheme liability	30	(6,795)	(5,443)
Total net assets		<u><u>1,188</u></u>	<u><u>(1,029)</u></u>
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	21	5,982	2,826
Restricted income funds	21	977	901
Pension reserve	21	(6,795)	(5,443)
Total restricted funds	21	<u>164</u>	<u>(1,716)</u>
Unrestricted income funds	21	<u>1,024</u>	<u>687</u>
Total funds		<u><u>1,188</u></u>	<u><u>(1,029)</u></u>

The financial statements on pages 19 to 49 were approved and authorised for issue by the trustees and are signed on their behalf, by:

 X
Mr. A.J. Smith
 (Chair of Trustees)

 X
Mr. S. Carey
 (Trustee and Accounting Officer)

Date: 8 December 2020

The notes on pages 22 to 49 form part of these financial statements.

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Statement of cash flows
For the year ended 31 August 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Net cash provided by operating activities	23	580	88
Cash flows from investing activities	25	3,389	1,733
Cash flows from financing activities	24	(2)	(10)
		<u>3,967</u>	<u>1,811</u>
Change in cash and cash equivalents in the year			
Cash and cash equivalents at the beginning of the year		3,836	2,025
Cash and cash equivalents at the end of the year	26, 27	<u>7,803</u>	<u>3,836</u>

The notes on pages 22 to 49 from part of these financial statements

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2020

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.

Aletheia Anglican Academies Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2020

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.

- **Grants payable**

These are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All resources expended are inclusive of irrecoverable VAT.

1.5 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.

1.6 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

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

Aletheia Anglican Academies Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2020

1. Accounting policies (continued)

1.7 Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

The Rochester Diocesan Board of Education own the legal title of the sites where the academy trust's land and buildings are situated, with the exception of certain land, mainly playing fields, at St George's Church of England School, which is which is owned by the academy trust. The trust therefore occupies the school properties under the terms of a Church Supplemental Agreement with the freehold owners. In considering the accounting treatment for these properties the trustees have considered the provisions of the Academies Accounts Direction (AAD). The AAD has now clarified that where a Supplemental Agreement is in place then the trust does not have full rights or control, such that any asset should not be recognised on the Balance Sheet. The trustees are unable to quantify with any certainty the value that would be attributed to the freehold land held and so no value has been included in these financial statements for it.

Per the AAD the rolling right to occupy the buildings could be recognised in the financial statements via a notional donation (since the trust 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 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:

Furniture and equipment	- 10 to 20 years
Computer equipment	- 3 years

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

1.8 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.

1.9 Cash at bank and in hand

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

1.10 Liabilities

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

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1. Accounting policies (continued)

1.11 Operating leases

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

1.12 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.

1.13 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 32.

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.

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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 30, 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 30, of £132,000.

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 30. 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.

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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	57	-	57	83
Capital grants	-	3,627	3,627	1,836
	57	3,627	3,684	1,919
<i>Analysis of 2019 total by fund</i>	83	1,836	1,919	

4. 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)	-	12,813	12,813	12,071
Other DfE/ESFA grants	-	1,931	1,931	1,433
	-	14,744	14,744	13,504
Other government grants				
Local authority SEN funding	-	194	194	157
Other local authority grants	-	285	285	524
	-	479	479	681
Other funding				
Catering	144	-	144	203
School trips	72	-	72	219
Other	130	11	141	181
	346	11	357	603
	346	15,234	15,580	14,788
<i>Analysis of 2019 total by fund</i>	603	14,185	14,788	

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5. Income from other trading activities

	Unrestricted funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Before and after school clubs	128	128	141
Lettings	43	43	77
Uniform sales	16	16	15
Insurance claims	70	70	26
	<u>257</u>	<u>257</u>	<u>259</u>
<i>Analysis of 2019 total by fund</i>	<u>259</u>	<u>259</u>	

6. Investment income

	Unrestricted funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Bank interest	2	2	1
	<u>1</u>	<u>1</u>	
<i>Analysis of 2019 total by fund</i>	<u>1</u>	<u>1</u>	

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7. Expenditure

	Staff Costs	Premises	Other	Total	Total
	2020	2020	2020	2020	2019
	£000	£000	£000	£000	£000
Expenditure on fundraising trading activities:					
Direct costs	-	-	26	26	14
Educational operations:					
Direct costs	10,577	-	1,259	11,836	10,886
Allocated support costs	2,300	1,498	626	4,424	4,223
	<u>12,877</u>	<u>1,498</u>	<u>1,911</u>	<u>16,286</u>	<u>15,123</u>
<i>Analysis of 2019 total</i>	<u>11,729</u>	<u>1,070</u>	<u>2,324</u>	<u>15,123</u>	

8. Analysis of grants

	Grants to	Total	Total
	Institutions	funds	funds
	2020	2020	2019
	£000	£000	£000
Improvements to diocesan property occupied by the academy trust	343	343	616
	<u>343</u>	<u>343</u>	<u>616</u>
<i>Analysis of 2019 total</i>	<u>616</u>	<u>616</u>	

The costs for both years represent works completed on the school buildings during the year. As noted in accounting policy 1.7 the school buildings are not reflected on the balance sheet, and so in accordance with the Academies Accounts Direction associated improvements are treated as an expense for the year as a grant to the Diocese which owns the buildings.

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9. 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	299	16,304	16,603	15,725
<i>Analysis of 2019 total by fund</i>	473	15,252	15,725	

10. Analysis of expenditure by activities

	Direct costs 2020 £000	Grants to Diocese 2020 £000	Support costs 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Educational operations	11,836	343	4,424	16,603	15,725
<i>Analysis of 2019 total</i>	10,886	616	4,223	15,725	

Analysis of support costs

	Total funds 2020 £000	Total funds 2019 £000
Staff costs	2,300	2,202
Premises costs	1,352	1,070
Technology costs	182	158
Legal costs	2	20
Other support costs	560	743
Governance costs	28	30
	4,424	4,223

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11. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020	<i>2019</i>
	£000	<i>£000</i>
Operating lease rentals	51	58
Depreciation of tangible fixed assets	106	88
Fees paid to auditors for:		
- audit	17	19
- other services	7	6
	<u> </u>	<u> </u>

12. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020	<i>2019</i>
	£000	<i>£000</i>
Wages and salaries	9,195	8,825
Social security costs	829	777
Pension costs	2,687	2,079
	<u> </u>	<u> </u>
	12,711	11,681
Agency staff costs	136	29
Staff restructuring costs	30	19
	<u> </u>	<u> </u>
	12,877	11,729
	<u> </u>	<u> </u>

Staff restructuring costs comprise:

	2020	<i>2019</i>
	£000	<i>£000</i>
Redundancy payments	9	19
Severance payments	21	-
	<u> </u>	<u> </u>
	30	19
	<u> </u>	<u> </u>

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

Included in staff restructuring costs is a non-statutory/non-contractual severance payment of £21k.

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12. Staff (continued)

c. Staff numbers

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

	2020	2019
	No.	No.
Management	14	14
Teachers	172	164
Administration and support	208	208
	<u>394</u>	<u>386</u>

The average headcount expressed as full-time equivalents was:

	2020	2019
	No.	No.
Management	13	13
Teachers	154	150
Administration and support	134	138
	<u>301</u>	<u>301</u>

d. Higher paid staff

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

	2020	2019
	No.	No.
In the band £60,001 - £70,000	4	5
In the band £70,001 - £80,000	5	2
In the band £150,001 - £160,000	1	1
	<u>10</u>	<u>8</u>

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 £1,020k (2019 - £949k).

13. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2020 was £516 (2019 - £739). The cost of this insurance is included in the total insurance cost.

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14. Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The CEO only receives remuneration in respect of services he provide undertaking the role of CEO under a contract of employment. The value of trustees' remuneration and other benefits was as follows:

		2020	2019
		£000	£000
Mr. S. Carey, CEO and Accounting Officer	Remuneration	155 - 160	150 - 155
	Pension contributions paid	35 - 40	25 - 30

During the year ended 31 August 2020, travel expenses totalling £268 were reimbursed to 1 trustee (2019 - £287 to 2 trustees).

15. Central services

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

- School improvement service
- Staffing support – CEO/Executive Headteacher, School Improvement Officer, SENCO, Teacher Training Co-ordinator, CEO PA, Senior IT technician, IT Technician, Operations Officer, Chief Finance Officer and Finance Officer
- ICT provision
- Insurance
- Staff recruitment packages
- HR and payroll
- Premises compliance overview
- Capital project support
- Centralised procurement service
- Staff training
- Responsible officer and audit
- Rochester Diocese SLA
- Administrative expenses
- Apprenticeship levy

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

Primary - 6% of General Annual Grant (GAG) funding.

Secondary - 6% of General Annual Grant (GAG) funding.

The actual amounts charged during the year were as follows:

	2020	2019
	£000	£000
St George's Church of England School	277	248
St Botolph's Church of England Primary School	96	128
Shorne Church of England Primary School	45	44
Horton Kirby Church of England Primary School	63	61
Stone St Mary's Church of England Primary School	128	179
Sutton-at-Hone Church of England Primary School	87	120
Rosherville Church of England Primary School	37	36
Total	733	816

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16. Tangible fixed assets

	Freehold property £000	Long-term leasehold property £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation					
At 1 September 2019 (as previously stated)	-	-	387	496	883
Prior Year Adjustment	136	80	-	-	216
At 1 September 2019 (as restated)	136	80	387	496	1,099
Additions	-	-	146	94	240
At 31 August 2020	136	80	533	590	1,339
Depreciation					
At 1 September 2019	-	-	144	375	519
Charge for the year	-	-	42	64	106
At 31 August 2020	-	-	186	439	625
Net book value					
At 31 August 2020	136	80	347	151	714
At 31 August 2019 (as restated)	136	80	243	121	580

Included in land and buildings is freehold land at valuation of £136k and leasehold land at valuation of £80k, which are not depreciated.

17. Debtors

	2020 £000	2019 £000
Trade debtors	6	18
VAT recoverable	82	153
Prepayments and accrued income	387	466
	475	637

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18. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Other loans	11	11
Trade creditors	11	82
Other taxation and social security	204	203
Other creditors	243	6
Accruals and deferred income	552	340
	<u>1,021</u>	<u>642</u>
	2020	2019
	£000	£000
Deferred income at 1 September 2019	207	206
Resources deferred during the year	212	207
Amounts released from previous periods	(207)	(206)
	<u>212</u>	<u>207</u>

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 grants, school trips and catering income.

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

	2020	<i>2019</i>
	£000	<i>£000</i>
Other loans	23	25

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2020	<i>2019</i>
	£000	<i>£000</i>
Payable or repayable by instalments	1	3

The other loans balance above represents interest free Salix loan funding from the DfE in respect of four capital projects. The loans are due for repayment by 2028.

20. Prior year adjustments

The prior year figures have been adjusted for the value of land identified as being held and controlled by the trust. The effect has been to increase tangible fixed assets and the opening restricted fixed asset fund by £216k.

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21. 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 fund	687	662	(325)	-	-	1,024
Restricted general funds						
General Annual Grant (GAG)	416	12,813	(12,452)	(186)	-	591
Other DfE/ESFA grants	306	1,931	(1,907)	-	-	330
Other government	179	479	(602)	-	-	56
Other restricted funds	-	11	(11)	-	-	-
Pension reserve	(5,443)	-	(675)	-	(677)	(6,795)
	<u>(4,542)</u>	<u>15,234</u>	<u>(15,647)</u>	<u>(186)</u>	<u>(677)</u>	<u>(5,818)</u>
Restricted fixed asset funds						
Fixed assets	580	-	(106)	240	-	714
Capital grants and donations	2,282	3,639	(551)	(68)	-	5,302
Salix loan	(36)	(12)	-	14	-	(34)
	<u>2,826</u>	<u>3,627</u>	<u>(657)</u>	<u>186</u>	<u>-</u>	<u>5,982</u>
Total Restricted funds	<u>(1,716)</u>	<u>18,861</u>	<u>(16,304)</u>	<u>-</u>	<u>(677)</u>	<u>164</u>
Total funds	<u>(1,029)</u>	<u>19,523</u>	<u>(16,629)</u>	<u>-</u>	<u>(677)</u>	<u>1,188</u>

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 is used to track non-GAG grant money received from the DfE/ESFA and connected bodies, and included Pupil Premium and Universal Infant Free School grant income.

The other government grants fund is used to track grants provided by government departments, including the Local authority.

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

The restricted fixed asset funds are 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. The total transfer to the fund of £186k represents capital expenditure funded by revenue reserves and the movement in the Salix loan balance.

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21. Statement of funds (continued)

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

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020	2019
	£000	£000
St George's Church of England School	280	160
St. Botolph's Church of England Primary School	560	418
Shorne Church of England Primary School	76	17
Horton Kirby Church of England Primary School	212	194
Stone St. Mary's Church of England Primary School	309	222
Sutton-at-Hone Church of England Primary School	226	220
Rosherville Church of England Primary School	132	129
Central services	206	228
Total before fixed asset funds and pension reserve	2,001	1,588
Restricted fixed asset fund	5,982	2,826
Pension reserve	(6,795)	(5,443)
Total	1,188	(1,029)

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21. 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
St George's Church of England School	4,140	669	417	976	6,202	5,744
St. Botolph's Church of England Primary School	1,277	149	119	229	1,774	1,701
Shorne Church of England Primary School	582	77	67	85	811	949
Horton Kirby Church of England Primary School	830	51	97	157	1,135	1,123
Stone St. Mary's Church of England Primary School	1,590	187	205	455	2,437	2,366
Sutton-at-Hone Church of England Primary School	1,314	170	118	155	1,757	1,663
Rosherville Church of England Primary School	480	60	91	94	725	660
Central services	376	262	27	342	1,007	824
LGPS	-	675	-	-	675	621
Academy Trust	10,589	2,300	1,141	2,493	16,523	15,651

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21. Statement of funds (continued)

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

	<i>As restated Balance at 1 September 2018 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2019 £000</i>
Unrestricted funds						
General fund	228	946	(487)	-	-	687
Restricted general funds						
General Annual Grant (GAG)	261	12,071	(11,697)	(219)	-	416
Other DfE/ESFA grants	392	1,433	(1,519)	-	-	306
Other government	98	681	(600)	-	-	179
Pension reserve	(3,763)	-	(621)	-	(1,059)	(5,443)
	<u>(3,012)</u>	<u>14,185</u>	<u>(14,437)</u>	<u>(219)</u>	<u>(1,059)</u>	<u>(4,542)</u>
Restricted fixed asset funds						
Fixed assets	564	-	(88)	104	-	580
Capital grants and donations	1,068	1,836	(727)	105	-	2,282
Salix loan	(46)	-	-	10	-	(36)
	<u>1,586</u>	<u>1,836</u>	<u>(815)</u>	<u>219</u>	<u>-</u>	<u>2,826</u>
Total Restricted funds	<u>(1,426)</u>	<u>16,021</u>	<u>(15,252)</u>	<u>-</u>	<u>(1,059)</u>	<u>(1,716)</u>
Total funds	<u>(1,198)</u>	<u>16,967</u>	<u>(15,739)</u>	<u>-</u>	<u>(1,059)</u>	<u>(1,029)</u>

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22. 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	-	-	714	714
Current assets	1,024	1,987	5,302	8,313
Creditors due within one year	-	(1,010)	(11)	(1,021)
Creditors due in more than one year	-	-	(23)	(23)
Provisions for liabilities and charges	-	(6,795)	-	(6,795)
Total	1,024	(5,818)	5,982	1,188

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019 £000</i>	<i>Restricted funds 2019 £000</i>	<i>As restated Restricted fixed asset funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Tangible fixed assets	-	-	580	580
Current assets	687	1,532	2,282	4,501
Creditors due within one year	-	(631)	(11)	(642)
Creditors due in more than one year	-	-	(25)	(25)
Provisions for liabilities and charges	-	(5,443)	-	(5,443)
Total	687	(4,542)	2,826	(1,029)

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23. 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)	2,894	1,228
Adjustments for:		
Depreciation	106	88
Capital grants from DfE and other capital income	(3,627)	(1,836)
Interest receivable	(2)	(1)
Defined benefit pension scheme cost less contributions payable	579	528
Defined benefit pension scheme finance cost	96	93
(Increase)/decrease in stocks	(7)	-
Decrease/(increase) in debtors	162	(74)
Increase in creditors	379	62
Net cash provided by operating activities	580	88

24. Cash flows from financing activities

	2020 £000	2019 £000
Cash inflows from new borrowing	11	-
Repayments of borrowing	(13)	(10)
Net cash used in financing activities	(2)	(10)

25. Cash flows from investing activities

	2020 £000	2019 £000
Dividends, interest and rents from investments	2	1
Purchase of tangible fixed assets	(240)	(104)
Capital grants from DfE Group	1,815	1,826
Capital funding received from sponsors and others	1,812	10
Net cash provided by investing activities	3,389	1,733

26. Analysis of cash and cash equivalents

	2020 £000	2019 £000
Cash in hand	7,803	3,836

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27. 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	3,836	3,967	7,803
Debt due within 1 year	(11)	-	(11)
Debt due after 1 year	(25)	2	(23)
	<u>3,800</u>	<u>3,969</u>	<u>7,769</u>

28. 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.

29. Capital commitments

	2020 £000	2019 £000
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	68	206
Purchase, construction or development of property	5,669	-
	<u>5,737</u>	<u>206</u>

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30. 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.

Contributions amounting to £231,000 were payable to the schemes at 31 August 2020 (2019 - £ -) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £1,486,000 (2019 - £980,000).

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.

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30. Pension commitments (continued)

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 £681,000 (2019 - £629,000), of which employer's contributions totalled £529,000 (2019 - £489,000) and employees' contributions totalled £ 152,000 (2019 - £140,000). The agreed contribution rates for future years are 21.0 per cent from April 2021 increasing to 22.5 per cent from April 2022 for employers and 5.5 to 12.5 per cent for employees.

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

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

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	1.85
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

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30. Pension commitments (continued)

Sensitivity analysis

	2020	2019
	£000	£000
Discount rate +0.1%	(348)	(272)
Discount rate -0.1%	358	278
Mortality assumption - 1 year increase	516	409
Mortality assumption - 1 year decrease	(498)	(395)
CPI rate +0.1%	315	242
CPI rate -0.1%	(307)	(236)

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

	2020	2019
	£000	£000
Equities	4,787	4,059
Gilts	50	43
Corporate bonds	954	537
Property	812	694
Cash and other liquid assets	225	159
Investment funds	563	463
Total market value of assets	7,391	5,955

The actual return on scheme assets was £466,000 (2019 - £245,000).

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

	2020	2019
	£000	£000
Current service cost	(1,105)	(883)
Past service cost	-	(132)
Interest income	116	144
Interest cost	(212)	(237)
Administrative expenses	(3)	(2)
Total amount recognised in the Statement of financial activities	(1,204)	(1,110)

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30. Pension commitments (continued)

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

	2020	2019
	£000	£000
At 1 September	11,398	8,946
Current service cost	1,105	883
Interest cost	212	237
Employee contributions	152	140
Actuarial losses	1,378	1,160
Benefits paid	(59)	(100)
Past service costs	-	132
At 31 August	14,186	11,398

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

	2020	2019
	£000	£000
At 1 September	5,955	5,183
Interest income	116	144
Actuarial gains	701	101
Employer contributions	529	489
Employee contributions	152	140
Benefits paid	(59)	(100)
Administration expense	(3)	(2)
At 31 August	7,391	5,955

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31. 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	29	41
Later than 1 year and not later than 5 years	57	35
	<u>86</u>	<u>76</u>

32. 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.

33. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the academy trust received £13k (2019 - £12k) and disbursed £6k (2019 - £8k) from the fund. An amount of £12k (2019 - £5k) is included in other creditors relating to undistributed funds that is repayable to ESFA.

34. Controlling party

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

35. Post balance sheet events

Holy Trinity Church of England Primary School converted to an academy and joined the trust on 1 November 2020.

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36. Related party transactions

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

The following related party transactions took place during the year:

Expenditure related party transactions:

(1) Diocese of Rochester

The Rochester Diocesan Board of Education is a member of the academy trust. During the year the academy trust incurred a total cost of £3,887 (2019 - £7,253) in transactions with the Diocese of Rochester. The costs this year relate to payments under a service level agreement for training and other education matters which the trustees consider that only the Diocese of Rochester could provide.

(2) Chitbrook Services

A business of which Mr. Peter Chitty (the husband of Mrs. Amy Chitty, a member of key management) is a partner:

The trust purchased building services from Chitbrook Services totalling £7,500 (2019 - £12,750) during the year. There were no amounts outstanding at 31 August 2019 (2019 - £Nil).

The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mrs. Chitty neither participated in, nor influenced.

In entering into the transaction the academy trust has complied with the requirements of the AFH.

The element above £2,500 has been provided 'at no more than cost' and Chitbrook Services has provided a statement of assurance confirming this.

(2) Employment of close family members:

Under FRS 102 the close family of members or trustees of the academy trust, or of key management personnel, are deemed to be related parties.

During the year the following close family members of such individuals were employed by the trust and paid a salary under an employment contract for their individual roles:

- L. Sisterson, the partner of the CEO, Mr. S. Carey, is employed as a teacher.
- J. Chitty, the daughter of the Headteacher of one of the trust's academies, was employed as a teaching assistant.
- L. Pollard, the spouse of the Headteacher of one of the trust's academies, was employed as an assistant headteacher

In each case the relevant connected individual had no involvement in the appointment of their close family member and the Board of Directors are comfortable that each salary provides value for money and is not at a preferential rate.

Income related party transactions:

The PTFAs made donations to the following schools:

- St. George's - £1,112 (2019 - £5,660)
- Shorne - £6,221 (2019 - £8,704)
- Horton Kirby - £7,413 (2019 - £9,829)
- St Botolph's - £2,275 (2019 - £3,275)
- Sutton-at-Hone - £14,274 (2019 - £2,822)