

Registered company number: 10726202 (England and Wales)



THE LETTA TRUST

(A company limited by guarantee)

Trustees' Report and Financial Statements

For the year ended 31 August 2021

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Reference and administrative details for the year ended 1 August 2021

Members	Mrs Gael Hicks (appointed 1/7/2021) Mr Mark Campbell (appointed 1/9/2021) Mrs Stephanie Mackellar (resigned 4/3/2021) Mrs Evelyn Holdsworth (resigned 1/7/2021) Mr Atana Kumar Bhattacharjee (Babu) Mr Ramakrishnan Venkatakrishna Mr Peter Sherratt
Trustees	Mr Peter Sherratt Chair of Trustees Ms Ruth Brock Vice-chair of Trustees Mr Ramakrishnan Venkatakrishna Chair of Resources Committee Mr Oliver Woodward Vice-chair of Resources Committee Mr Stuart Poyser Chair of Audit and Risk Committee Mr Peter Stone Mr Daniel Rose (appointed 17/3/2021)
CEO	Mrs Jo Franklin
Registered office	Bygrove Primary School Bygrove Street London Tower Hamlets E14 6DN
Registered company no	10726202 (England and Wales)
Auditors	Butler and Co LLP Chartered Accountants and Statutory Auditor Third Floor 126-134 Baker Street London W1U 6UE
Bankers	Lloyds TSB 125 London Wall London EC2Y 5AS

Trustees' Report for the year ended 31 August 2021

The trustees present their annual report together with the financial statements and auditor's report for the charitable company for the year ended 31 August 2021. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Letta Trust operates 2 primary schools serving a catchment area in East London and has a total capacity of 960 pupil places from nursery to year six. The Trust also runs a SCITT and is a registered provider of apprenticeships.

Objectives and Activities

Objects and aims

The charity's principal object is to advance for the public benefit education in the United Kingdom by developing schools offering a broad and balanced curriculum.

This object sets out the purpose of the charity. The charity's mission, vision and strategic plan are designed to help us move towards achieving that long-term goal. As an education charity, we are accountable to not only our funders but also to our pupils, their parents and the wider community. These stakeholders support us, engage with us, and challenge us. They ensure that the decisions we make as a charity, from the ground level through to the Board, are for their benefit. Well-established involvement and consultation mechanisms, both direct (through pupil, parent and staff surveys) and indirect (through the involvement of parents and local people on our local governing bodies and Trust Board) ensure that decisions made by the Trustees are informed by the needs of the those we serve.

Mission

We believe that by providing the very best educational provision, we can combat social inequality, level the playing field and give children the opportunity to go on to live happy, healthy and fulfilled lives.

Vision

Our vision is that every child in every school in our trust:

- Loves learning, achieves their very best, has fun at school and feels excited about the future
- Knows how to make friends and get along well with people; to treat them with fairness, compassion and respect
- Grows healthy and strong, believes in themselves and has the confidence and resilience to follow their dreams
- Feels part of their community, proud of their school and inspired to make a positive difference in the world

Values

Our values determine how we work together:

- Aspiration: aiming high; broadening horizons; creating possibilities
- Innovation: taking risks; daring to be different; pioneering research; shaping the future; leading the way
- Equality: inclusive; excellence for all; celebrating diversity; all for one and one for all!
- Generosity: open doors; collaboration; challenge and support; community-minded; team spirit; Ubuntu.

Guiding principle

Our guiding principle is the philosophy of Ubuntu; a southern African philosophy that speaks of our interconnectedness, of the importance of relationships, of openness and generosity to one another.

Strategic goals

The Trustees have agreed four strategic goals to steer the Trust towards fulfilling its vision.

1. Strategic goal for education
To develop schools where the educational experience is world class and learning is irresistible
2. Strategic goal for executive leadership and governance
To provide ethical governance and executive leadership focused on fulfilling our vision for every child in a LETTA school
3. Strategic goal for partnerships and growth
To strengthen existing partnerships and welcome new schools to the Trust
4. Strategic goal for financial and organisational sustainability
To run a financially secure multi-academy trust with high quality operational support for schools that enables them to thrive and continually improve their educational provision for pupils

Our budget plan is designed to support us in achieving our vision for our pupils. The majority of our budget is spent on our staff team. We recruit, train and deploy these people carefully so that they deliver the very best quality educational experience for the children in our schools. The remainder of our income is allocated to maintaining a safe, welcoming learning environment and high quality resources to support the delivery of our schools' curriculum.

School Improvement

Our schools perform well academically and offer an excellent education to all pupils through a broad, rich curriculum that includes a range of opportunities for personal and cultural development. School improvement activities are research-based; leaders and teachers use the latest educational research and their own research projects to improve the quality of education across the Trust. School leaders work closely together in partnership to learn from each other and develop effective practice.

Continuing professional development

The LETTA Trust led a Teaching School Alliance, a large partnership of schools who work together on school improvement activities and continuing professional development for school staff. The partnership delivered carefully designed professional development programmes that attracted and developed skilled staff. The LETTA Trust also runs a highly successful Initial Teacher Training programme which was graded outstanding by Ofsted in November 2017. In 2019 the Trust became an approved provider of apprenticeships.

From September 2020 to July 2021 teaching staff in our schools participated in the Trust's professional learning activities including:

- Joint sessions relating to the Trust's annual education development priority, curriculum
- Training relating to individual school needs
- Menu options that give staff an element of autonomy in regards to their professional learning
- Opportunities for reading and research

During periods of school closure due to Covid-19, professional learning activities continued as planned via online platforms. This included ITT, NQT and leadership development programmes.

Integrated support and shared services

The Trust has developed a central operations team and business structure to facilitate growth, deliver value for money, minimise risk and ensure that our schools are able to focus on the quality of education. There is a career pathway for staff in operational roles that

includes apprenticeships and the opportunity to develop expertise in areas such as finance, procurement and HR. Staff based in school offices can progress and deliver services across the Trust as part of the central operations team.

Partnerships

LETTA Trust schools actively seek out opportunities to work with other schools on school improvement activities. We have strong partnerships with our Teaching School Alliance partners, the Poplar Partnership and the Tower Hamlets Education Partnership. We also work closely with community organisations, including the East End Community Foundation, Poplar Harca and Bow Arts, and national ones such as the Corum Shakespeare Schools Foundation charity.

Public benefit

LETTA Trust schools strive to promote and support the advancement of education for children both in our schools and beyond. The schools provide an extensive programme of educational and recreational activity, all designed to contribute to the overall education of our pupils in areas such as academic distinction, the arts and sport. Through the SCITT, we train over 50 new teachers annually who are employed in a range of schools both locally and further afield.

In setting the schools' objectives and planning their activities the trustees gave careful consideration to the charity commission's general guidance on public benefit. The trustees believe that the Trust's aims, together with the activities planned in each school, are demonstrably to the public benefit.

From September 2020 to August 2021 pupils in our schools took part in a wide range of activities. Trips and visits were a regular feature before restrictions were introduced in the pandemic. As a result of these, children learned things they could not learn at school or at home, extended their vocabulary and developed independence and social skills.

A large number of children participated in Arts events and projects across the Trust. Children in Y4 performed in the Shakespeare Schools Festival online and children in Y5 took part in a Disney production project. All children performed for their friends and families to celebrate a range of events across the year. The Y6 end of year performances were unable to be performed live due to Covid-19 restrictions. Instead, all pupils contributed to making of a film that was shown to pupils and parents.

In sport, schools were unable to take part in a wide range of local competitions due to Covid-19 restrictions. Sports clubs at lunchtime and after school were reintroduced as restrictions lifted. During school closure the Trust's sports and dance specialists produced videos each week of activities for pupils to do at home.

Impact during Covid-19

High quality education:

- Our schools were open throughout lockdown, including during the holidays. Staff volunteered to deliver on site learning for vulnerable pupils and key workers throughout
- Pupils had a full timetable of remote learning from day 1. Year group teaching teams from across schools collaborated to produce lesson plans, video clips and online resources for home learning
- SEND specialist staff formed a virtual school for pupils with SEND. They produced bespoke resources and video lessons for parents to use with their children

Supporting the most vulnerable families:

- Safeguarding teams remained in daily contact with vulnerable families. They

- responded to safeguarding concerns and disclosures
- Each school set up a food distribution industry. We fed several hundreds of families twice a week thanks to charitable donations
- Leaders and teachers were in regular contact with families by phone, email and Google Classroom. This included videos made to prepare families for changes as they occurred

Tackling digital disadvantage:

- We loaned Chromebooks to families to give every child access to remote learning. We also provided dongles for internet access where necessary
- We set up the 'Connecting Communities' project alongside our local housing association provider. We have provided a free high speed broadband connection, a device and IT training to over 100 families so far.

Equal opportunities

Equality is one of the Trust's four core values. Trustees believe that equality of opportunity is an essential component of the workplace. They ensure that equal opportunity is integral to all activities including creating a working environment in which the needs of all people are met and their contribution is fully valued. Throughout the pandemic, each employee was part of an individual risk assessment process to determine whether adjustments were needed for their safety in the workplace.

Disability matters

The LETTA Trust is committed to ensuring equality in employment. We ensure that our recruitment process is inclusive and accessible by:

- Advertising jobs in a range of places
- Making adverts accessible including providing accessible formats if requested
- Providing reasonable adjustments as required
- Being aware of unconscious bias

Transparency and employee consultation

The LETTA Trust is committed to working ethically and with the utmost transparency. All employees are able to access key documents and minutes of meetings. Each Local Governing Board includes elected staff representatives.

We are committed to involving our staff in decision making and we regularly seek feedback on both ideas and performance. We do this through:

- Staff meetings including weekly 1-1s
- Staff surveys including 360 reviews for leaders
- Communicating regularly with local union representatives with regards to policies and plans

Strategic Report

Academic achievement

Trustees and governors monitor a range of academic outcomes in schools in the Trust including the school's own assessment information and national data.

Pupils make excellent progress across both schools. When they join us, the vast majority are assessed as working well below the standards expected for their age. By the end of their Reception year, outcomes are typically in line with outcomes for all children in the UK. By the end of Year 2, pupils are achieving outcomes that are typically above other pupils nationally and by the time they leave us at the end of Year 6 outcomes are high compared to national benchmarks.

In the summer term 2021 there were no national tests. During school closure, teachers and leaders monitored pupil engagement in remote learning. The proportion of pupils engaging in learning was very high compared to national figures

Engagement in remote learning

In the Spring term lockdown 2021, 80% pupils across the Trust engaged in every activity, every day. In Y5 and Y6 this rose to 95%. In Y1, 86% pupils were fully engaged every day.

Attendance

Attendance figures were difficult to measure in 2020-2021 due to Covid-19 and lockdown scenarios. However, once schools reopened in March 2021, attendance across the Trust for all pupils was 95.9% and for pupils in receipt of the pupil premium, 96.3%. This is lower than we would normally expect but much higher than national averages at the time.

Catch up figures

On average just over 50% pupils were working at age related expectations in reading, writing and maths when they returned to school in September 2020. Over the course of the Autumn term pupils made accelerated progress so that over 60% pupils were working at age related expectations by the end of December. These figures fell back a little during lockdown in Spring 2021, however, by the end of July 2021 in excess of 70% pupils were back working at age related expectations. This represents excellent progress but is still a much lower proportion than we would normally expect and there will be further work to do on recovery in 2021-2022.

Key financial performance indicators

The trustees consider that the following are key financial performance indicators for the Trust:

- Pupil numbers (leading directly to the Education and Skills Funding Agency funding)
- General financial stability, e.g. for expenditure not to exceed income each year
- Salary costs to the ESFA revenue income, to total income and as a percentage of total expenditure
- Pupil: teacher ratio
- Average teacher cost
- Proportion of budget spent on the leadership team
- Spend per pupil for non-pay expenditure

The trustees monitor these financial performance indicators to ensure they are managed appropriately. They review a medium term financial plan for the trust, which looks at the projected overall surplus of the schools over a 3-year period. Based on the financial projections decisions are made to mitigate any risks of a future deficit based on projections of income and expenditure.

Financial position

Most of the Trust's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA from 1 September 2020 to the 31 August 2021 and the associated expenditure is shown as restricted funds in the statement of financial activities (SOFA).

Total income for the period was £7,533k (2020: £7,273k) of which £4,963k (2020: £4,811k) related to the recurrent revenue grant income.

The trust held fund balances at 31st of August 2021 of £9,574k (2020: £10,738k). These funds included restricted fixed asset funds of £11,791k (2020: £11,998k), other restricted funds of £378k (2020: £388k) and unrestricted funds of £NIL (2020: £Nil). There is also a pension reserve deficit of £2,595k (2020: £1,649k) relating to the LGPS.

The LGPS pension reserve fund is in deficit at 31 August 2021. It is important to note that this deficit does not mean that an immediate liability crystallises. The accounting deficit 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 administrator (the London borough of Tower Hamlets). 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 next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The trust has an operational surplus of £123,789 (2020 surplus - £378,171). Overall there has been a reduction in funds over the latest accounting period, of £1,164,292 (2020 reduction - £240,542).

The majority of the reduction is related to adjustments made in the annual report from the LGPS Scheme Actuary, with fixed asset depreciation and amortisation offset by the operational surplus making up the balance.

A summary of this is set out below:

	2021 £	2020 £
Operational surplus	123,789	378,171
Depreciation and amortisation	(342,081)	(415,713)
Pension fund adjustment	<u>(946,000)</u>	<u>(203,000)</u>
Total reduction in funds	<u>(1,164,292)</u>	<u>(240,542)</u>

Reserves policy

Trustees always set a balanced budget balancing annual income with expenditure. The Trust has an approved Reserves Policy and Trustees review the reserve levels throughout the year. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. At the end August 2021, the Trust's uncommitted reserves totalled £378,146 (2020: 388,078).

Investment policy

The academy trust has no investments other than cash balances. Currently these are held within a school account at the bank.

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the multi academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. In making their assessment, the trustees have considered the impact of the Covid-19 pandemic on the operations, activities, future plans and finances of the Trust.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Fundraising

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

Risk management

Trustees have a duty to identify and review the risks to which the academy trust is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The Trustees have assessed the major risks to which the Trust is exposed such as those relating to the quality of teaching, provision of facilities and other operational areas of the Trust and its finances. They have introduced systems, including operational procedures such as vetting of new staff and visitors and internal financial controls in order to manage risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more details in the governance statement.

The risks to which the Trust is exposed arise both internally and externally. External risks include those in respect of future funding levels, competition, changes to rules and regulations and the financial position of the staff pension schemes. External incidents can also disrupt the activities of the schools as we have seen during the pandemic.

Throughout the coronavirus pandemic trustees have regularly reassessed risks to the Trust as a result of Covid-19. This has included the risk to the quality of education, health and safety risks, financial risk and reputational risk.

Principal risks and uncertainties

The Trust maintains a risk register identifying the major risks to which the Trust is exposed and identifying actions and procedures to mitigate those risks. The main risks that the Trust is exposed to are summarised below. For each of these risks the probability, impact and seriousness has been considered together with appropriate action and management plans:

- Reputational: this covers risks such as continuing to attract children and families to the school
- Operational: which covers to capacity of staff and buildings to meet the needs of pupils, deliver the curriculum and contribute towards an excellent educational offer
- Safeguarding and child protection: including the selection and monitoring of staff, the operation of child protection policies and procedures, health and safety and pupil behaviour
- Financial: covering risks to the Trust's financial position, including revenue streams, the introduction of a new national funding formula, cost control, cash management and fraud
- Pension Scheme: risks associated with the LGPS defined benefit pension scheme and the current pension deficit

Financial and risk management objectives and policies

As a Trust the level of financial risk is relatively low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and this is relatively stable due to high recruitment and retention rates. The main risk arising from the Trust's financial activities is liquidity risk. The Trust manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing. The Trust is also exposed to interest rate risk and credit risk as part of its normal activities. These are:

- Interest rate risk: The Trust earns interest on cash deposits. With interest rates currently very low, the trustees will consider action to increase the income from these deposits provided it does not jeopardise the liquidity or security of the Trust's assets
- Credit risk: This arises from the possibility that amounts owed to the Trust will not be repaid. The Trust does not undertake credit activities so it is only exposed to credit risk as it arises from normal business. Credit risk is managed through the use of approved banks and the prompt collection of amounts due

Future plans

The plan is that LETTA grows and becomes a family of schools collectively providing an outstanding education for all the young people in our care (see Growth Plan). To achieve this, we will make sure we provide the very best professional development to our staff members at each point in their education careers.

We are committed to system-wide school improvement and to making a full contribution to

the development of a 'world-class' school system more widely. We are also passionate about our civic leadership role and working together with other local organisations in the service of our local community.

Structure, Governance and Management

Charity constitution

The Trust is a company limited by guarantee & an exempt charity. The charitable company's Memorandum & Articles of association are the primary governing documents of the academy trust. The trustees of The LETTA Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The LETTA Trust. Details of the trustees who served throughout the year are included in the reference and administrative details on page one.

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 cease to be a member.

Trustees' indemnities

The LETTA trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers' indemnity element from the overall cost of the RPA scheme. Details of the insurance cover provided are in note 12 to the financial statements.

Recruitment and appointment of new trustees

The Trust's Members appoint new Trustees after careful consideration of the skills required by the Trust Board. The induction process for new Trustees includes a tour of LETTA schools and the chance to meet with leaders. New Trustees are also provided with copies of previous minutes of board meetings, the Trust's statutory policies and other relevant documentation as per the Trustee Induction Policy.

Organisational structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the funding agreement with the Department for Education (DfE) and the scheme of delegation. The Terms of Reference also provide the framework for how decisions are made and agreed by the committees in operation and the Trust Board. The Chief Executive Officer (CEO) is designated the Accounting Officer for the Trust.

The structure consists of four layers:

1. The Members group which includes five members, three of whom are independent of the Trust Board. The Members appoint Trustees to the Trust Board.
2. The Trust Board which can include up to 11 trustees. The Trust Leader or Chief Executive Officer (CEO) is appointed by the Trust Board to oversee the smooth running and development of the Trust. The CEO is not a trustee
3. The CEO leads the Trust's strategic leadership team which includes the Headteachers, the Director of School Improvement (previously the Director of Teaching School) and the Chief Finance Officer (CFO)
4. The Local Governing Boards who work closely alongside Headteachers and school leaders to ensure that each school provides children and families with a high quality education and each school continues to improve

Policies & procedures adopted for the induction and training of new trustees

During the period September 2020 to August 2021 The LETTA Trust Board met 8 times. The Local Governing Boards met three times each. In these meetings trustees and governors received training on aspects of their roles such as safeguarding and interpreting national data.

Arrangements for setting pay & remuneration of key leadership personnel

FRS 102 requires details of the arrangements for setting pay and remuneration of the Trust's key leadership personnel. The key leadership personnel within the Trust are the Trustees, the CEO, the CFO, the Headteachers and the Director of School Improvement. Trustees are not remunerated although they may claim reasonable expenses.

The CEO, the Headteachers' and the Director of School Improvement's pay is determined in accordance with the Trust's pay policy and takes into account whether the performance management objectives for the year have been met. An appropriately qualified external advisor assists Trustees in determining what the performance management objectives for the CEO should be and whether they have been met. Actual levels of pay are determined with reference to the School Teachers Pay and Conditions Document.

The CFO job description has been graded by HR professionals and is benchmarked against similar roles. The CFO participates in an annual performance management review led by the CEO.

Details of the remuneration paid to key management personnel are set out in note 8. During the period September 2020 to August 2021 there was a successful performance management review for the CEO, the CFO, the Headteachers and the Director of School Improvement (then Director of Teaching School).

Connected organisations including related parties

LETTA School Direct Limited is a separately registered social enterprise, (registration number 08428346) that delivers school improvement activities on behalf of the Trust and other partner schools in the LETTA Teaching School Alliance. The CEO and the Headteachers are also trustees on the board of the Poplar Partnership Ltd (charity number 1145513), which supports collaborative school projects in schools in East London. It is not part of the multi-academy trust.

Risk management

Trustees have a duty to identify and review the risks to which the academy trust is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The trustees have assessed the major risks to which the multi academy trust is exposed such as those relating to the quality of teaching, provision of facilities and other operational areas of the Trust and its finances. They have introduced systems, including operational procedures such as vetting of new staff and visitors and internal financial controls in order to manage risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more details in the governance statement.

Throughout the coronavirus pandemic trustees have regularly reassessed risks to the Trust as a result of Covid-19. This has included the risk to the quality of education, health and safety risks, financial risk and reputational risk.

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, Butler & Co LLP, have indicated their willingness to remain in office, & the audit process will be reviewed in detail & reappointment of the auditors will be considered in due course.

The Trustees' report, incorporating a strategic report, was approved by order of the Trust Board, as the company directors, on 16.12.2021 and signed on its behalf by:



Mr Peter Sherratt - Trustee

Governance Statement for the year ended 31 August 2021

Scope of responsibility

The LETTA Trust trustees have overall responsibility for ensuring that the multi-academy trust has effective systems of controls including financial controls. These systems have been carefully designed to manage the risk of failing to achieve business objectives and provide reasonable, not absolute, assurance against material misstatement or loss.

The Trust Board has delegated responsibility to Jo Franklin, CEO, as accounting officer, for ensuring that financial controls meet the requirements of propriety and good financial management in accordance with the Trust's funding agreements. The CEO is responsible for reporting to the Trust Board any 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 Trust Board met 8 times during the year. An additional 3 meetings were added to the schedule in order to discuss strategy relating to Covid-19.

Attendance during the year at Trust Board meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr Peter Sherratt (Chair of Trustees)	8	8
Ms Ruth Brock (Vice-chair of Trustees)	8	8
Mr Ramakrishnan Venkatakrisna (Chair of Resources Committee)	6	8
Mr Oliver Woodward (Vice-chair of Resources Committee)	7	8
Mr Stuart Poyser (Chair of Audit and Risk Committee)	8	8
Mr Peter Stone	8	8
Mr Daniel Rose (appointed 17/3/2021)	2	2

The **Resources Committee** is a sub-committee of the Trust Board. Its purpose is to deal with matters of efficient and effective financial management, HR, premises and health and safety including compliance within those areas. In this way the Trust Board can have a greater focus on strategy and standards and Local Governing Boards can oversee the core business of the quality of education.

Attendance during the year at Resources Committee meetings was as follows:

Trustee	Meetings attended	Out of a possible
Ms Ruth Brock (Vice-chair of Trustees) until March '21	1	2
Mr Ramakrishnan Venkatakrisna (Chair of Resources Committee)	6	6
Mr Oliver Woodward (Vice-chair of Resources Committee)	5	6
Mr Peter Stone	6	6
Mr Daniel Rose (appointed 17/3/2021)	2	2

The **Audit and Risk Committee** is also a sub-committee of the Trust Board. Its purpose is:

- to quality assure the Trust's accounting and auditing functions
- to strengthen the independence of the audit function
- to increase the credibility and objectivity of financial reporting
- to facilitate good communication between the Trust and its external auditor.

Attendance during the year at Audit and Risk Committee meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mr Peter Sherratt (Chair of Trustees)	4	4
Ms Ruth Brock (Vice-chair of Trustees) from March '21	2	2
Mr Stuart Poyser (Chair of Audit and Risk Committee)	4	4

Impact of Covid-19 on governance

During the coronavirus pandemic trustees and members of the Local Governing Boards have continued to meet using online platforms. All those with a role in governance have been able to participate in this way. There have been more Trust Board meetings than usual in order to discuss health and safety requirements and government guidance. Members of the Local Governing Board met with school leaders via online platforms instead of carrying out school visits. Throughout lockdown, the CEO provided regular updates to those in governance relating to the impact of the pandemic in schools and the measures in place to manage the situation.

Governance reviews

Plans for an external review of governance were put in place for Autumn 2021. The aim of the review is to ensure the Trust is ready for growth from a governance perspective.

Review of value for money

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

The CEO considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to Trust Board where value for money can be improved, including the use of benchmarking data where appropriate. The Trust's CEO has delivered improved value for money during the year by:

- Working together to share and develop expertise
- Developing the scope of the Trust's Teaching School, SCITT, apprenticeships and school improvement offer
- Sharing specialist staff across schools including leadership posts
- Developing a paperless online HR management system across the trust
- Ensuring that contracts for services are shared and renegotiated regularly to save schools money
- Enhancing financial controls and procedures to ensure better value for money
- Maximising fundraising during lockdown to tackle food poverty and digital disadvantage.

The purpose of the system of internal control

The system of internal control is designed to manage risk at a reasonable level rather than to eliminate all risk of failure and can therefore only provide reasonable and not absolute assurance of effectiveness. The systems of internal control are reviewed annually and are included in the Scheme of Delegation. There is an annual schedule of internal audit activities designed to test these systems. The CFO oversees the programme of internal audit and reports to the Audit and Risk Committee.

Capacity to handle risk

Trustees have reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. There is a formal on-going process for identifying, evaluating and managing the Trust's significant risks. The risk register was updated to reflect the potential impact of Covid-19 on all aspects of the work of the Trust. The Chair of Trustees receives an update of the risk register each month from the CFO. The Audit and Risk committee review the risk register at each meeting and report back to the Trust Board.

The Trust has an up to date approved Anti-Fraud policy. The Trust's Business Continuity Plan was reviewed at the start of the pandemic to ensure it was fit for purpose. This included contingency planning relating to the CEO, CFO or Headteachers being unable to fulfil their duties due to Covid-19.

The risk and control framework

The LETTA Trust's system of internal financial control is a framework of procedures that include the segregation of duties and a system of delegation and accountability. It includes:

- Comprehensive budgeting and monitoring systems with an annual budget and periodic reports reviewed by trustees. The Resources Committee members scrutinise budget reports 6 times annually. The Chairs of Trustees and the Chair of the Resources Committee receive management accounts every month
- Review by trustees of major purchase plans and capital works
- Clearly defined purchasing processes
- Delegation of authority and segregation of risks
- Limits of authorisation
- Scrutiny by an internal auditor of the Trust's financial systems and advice on improvements to financial procedures

Trustees appointed an internal auditor to perform a range of checks on the Trust's financial systems and give advice on improvements that could be made to financial procedures. The internal auditor's reports are scrutinised by leaders and trustees. Checks carried out in 2020-2021 included:

- Review of census data recorded by individual academies within the Trust
- Limits of Authority to check there are regular trustee meetings, there is a written scheme of financial delegation and this has been ratified by trustees. Check that various returns to the ESFA have been submitted in a time manner and consider transactions that may require ESFA approval
- Assurance arrangements to check trustees are considering the recommendations and advice of auditors
- Hospitality and personal benefit to consider trust gifts, hospitality, expenses claims from trustees and review lettings policy

Review of effectiveness

As accounting officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. This process of review is informed by:

- The work of the internal auditor
- The work of the external auditor
- The work of the financial consultant employed by the Trust

The work of the Chief Finance Officer and the central operations team is overseen by the CEO. The CFO and CEO report regularly to the Trust Board Resources Committee who monitor all aspects of finance, HR, premises and health and safety. The Trust Board Resources Committee provide feedback on their meetings at each Trust Board meeting.

The Chair of Trustees receives and scrutinises the Trust's monthly financial return. The system of internal control is reviewed annually or before if required.

Approved by order of the members of the board of trustees on 16.12.2021 and signed on its behalf by:



Mr Peter Sherratt - Trustee



Jo Franklin - Accounting Officer

Statement on Regularity, Propriety and Compliance for the year ended 31 August 2021

As accounting officer of The Letta Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with 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 2020.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2020.

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



Jo Franklin – Accounting Officer

Date: 16.12.2021

Statement of Trustees' Responsibilities for the year ended 31 August 2021

The trustees (who are also the directors of the multi-academy trust for the purposes of company law) are responsible for preparing the Strategic report, the trustees report & the financial statements in accordance with the Annual Accounts Direction issued by the ESFA, UK Accounting Standards (UK Generally Accepted Accounting Practice) & applicable law & 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 & fair view of the state of affairs of the multi-academy trust & of its incoming resources & application of resources, including its income & expenditure, for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies & then apply them consistently
- Observe the methods & principles of the Charities SORP 2016 & the Academies Accounts Direction 2020-2021
- Make judgements & accounting estimates that are reasonable & prudent
- State whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed & explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in business

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

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

The trustees are responsible for the maintenance & integrity of the corporate & financial information included on the Trust's website. Legislation in the UK governing the preparation & dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the trustees are aware:

- There is no relevant audit information of which the academy trust's auditors are unaware; and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' report, incorporating a strategic report, was approved by order of the Trust Board, as the company directors, on 16.12.2021 and signed on its behalf by:



Mr Peter Sherratt - Trustee

Report of the Independent Auditors to the Members of The LETTA Trust

Opinion

We have audited the financial statements of The Letta Trust (the 'academy trust') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, 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) and the Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency (ESFA).

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 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- Have been prepared in accordance with the requirements of the Companies Act 2006; and
- Have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2020 to 2021

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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 Report of the Independent Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the

other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the Trustees' Report for the financial year for which the financial statements are prepared is inconsistent with the financial statements
- The Trustees' Report has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where 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; or
- The trustees were not entitled to take advantage of the small company's exemption from the requirement to prepare a Strategic Report or in preparing the trustees' Report

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company 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.

Our 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 a Report of the Independent Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiries of management, concerning the company's policies and procedures relating to:
- Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud

Discussions among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the company operates in.

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance.

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 Report of the Independent Auditors.

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 the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mukesh Desai (Senior Statutory Auditor) for and on behalf of Butler & Co LLP
Chartered Accountants & Statutory Auditor
Third Floor
126-134 Baker Street
London
W1U 6UE

Date: 20.12.2021

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

In accordance with the terms of our engagement and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Letta Trust during the period 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the LETTA Trust's Accounting Officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Letta Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2020 to 2021 issued by the 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.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all

material respects the expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Butler & Co LLP Chartered Accountants
Reporting Accountant
Third Floor
126-134 Baker Street
London
W1U 6UE

Date: 20.12.2021

Statement of Financial Activities (Incorporating an Income and Expenditure Account) for the year ended 31 August 2021

		Restricted		2021	2020	
	Unrestricted	Fixed	Restricted	Total	Total	
Notes	Funds £	Asset Funds £	General Funds £	Funds £	Funds £	
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	3	-	19,430	-	19,430	17,527
Charitable activities						
Funding for the academy's educational operations	4	-	-	7,233,304	7,233,304	6,872,192
Teaching schools	22	-	-	40,000	40,000	40,000
Other trading activities	5	240,427	-	-	240,427	342,113
Investment income	6	111	-	-	111	1,284
Total		240,538	19,430	7,273,304	7,533,272	7,273,116
EXPENDITURE ON						
Raising funds		-	-	11,700	11,700	-
Charitable activities						
Academy's educational operations	8	240,538	361,511	7,097,815	7,699,864	7,270,659
Teaching schools	22	-	-	40,000	40,000	40,000
Total	7	240,538	361,511	7,149,515	7,751,564	7,310,659
NET INCOME/(EXPENDITURE)						
		-	(342,081)	123,789	(218,292)	(37,543)
Transfers between funds	18	-	133,721	(133,721)	-	-
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit schemes		-	-	(946,000)	(946,000)	(203,000)
Net movement in funds		-	(208,360)	(955,932)	(1,164,292)	(240,543)
RECONCILIATION OFFUNDS						
Total funds brought forward		-	11,998,978	(1,260,922)	10,738,056	10,978,599
TOTAL FUNDS CARRIED FORWARD		-	11,790,618	(2,216,854)	9,573,764	10,738,056

The notes form part of these financial statements

Balance Sheet 31 August 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	14	11,790,618	11,998,977
CURRENT ASSETS			
Debtors	15	82,573	113,845
Prepayments and accrued income		182,414	240,326
Cash at bank and in hand		<u>552,651</u>	<u>549,487</u>
		817,638	903,658
CREDITORS			
Amounts falling due within one year	16	(439,492)	(515,579)
		<u> </u>	<u> </u>
NET CURRENT ASSETS		<u>378,146</u>	<u>388,079</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,168,764	12,387,056
PENSION LIABILITY	19	(2,595,000)	(1,649,000)
		<u> </u>	<u> </u>
NET ASSETS		<u>9,573,764</u>	<u>10,738,056</u>
FUNDS	18		
Restricted funds:			
Funding for the academy's educational operations		378,146	388,078
Restricted Fixed Asset Funds		11,790,618	11,998,978
Pension Reserve		<u>(2,595,000)</u>	<u>(1,649,000)</u>
		<u>9,573,764</u>	<u>10,738,056</u>
		<u> </u>	<u> </u>
TOTAL FUNDS		<u>9,573,764</u>	<u>10,738,056</u>

The financial statements were authorised for issue by the Board of Trustees and authorised for issue on 16.12.2021 and were signed on its behalf by:



Mr Peter Sherratt - Trustee

Cash Flow Statement for the year ended 31 August 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	<u>136,773</u>	<u>509,635</u>
Net cash provided by operating activities		<u>136,773</u>	<u>509,635</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(133,720)	(206,389)
Interest received		<u>111</u>	<u>1,284</u>
Net cash used in investing activities		<u>(133,609)</u>	<u>(205,105)</u>
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period	2	3,164	304,530
Cash and cash equivalents at the beginning of the reporting period	2	<u>549,487</u>	<u>244,957</u>
Cash and cash equivalents at the end of the reporting period		<u>552,651</u>	<u>549,487</u>

The notes form part of these financial statements

Notes to the Cash Flow Statement for the year ended 31 AUGUST 2021**1. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2021 £	2020 £
Net expenditure for the reporting period (as per the Statement of Financial Activities)		
Adjustments for:	(218,292)	(37,543)
Depreciation charges		
Interest received	342,079 (111)	433,240 (1,284)
Decrease/(increase) in debtors	89,184	(37,462)
(Decrease)/increase in creditors	<u>(76,087)</u>	<u>152,684</u>
Net cash provided by operations	<u><u>136,773</u></u>	<u><u>509,635</u></u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/9/20 £	Cash flow £	At 31/8/21 £
Net cash			
Cash at bank and in hand	<u>549,487</u>	<u>3,164</u>	<u>552,651</u>
	<u>549,487</u>	<u>3,164</u>	<u>552,651</u>
Total	<u><u>549,487</u></u>	<u><u>3,164</u></u>	<u><u>552,651</u></u>

The notes form part of these financial statements

Notes to the Financial Statements for the year 31 August 2021

1. Statutory information

The Letta Trust is a private company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on Reference and Administrative Details page. The presentation currency of the financial statements is the Pound Sterling (£).

2. Accounting policies

Basis of preparing the financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2020 to 2021 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention. The Letta Trust meets the definition of a public benefit entity under FRS 102.

Going concern

The trustees assess whether the use of the "going concern principle" 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 trust to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of the approval 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.

While the impact of the COVID-19 pandemic has been assessed by the Trustees as far as reasonably possible, due to its unprecedented impact on the wider economy, it is difficult to evaluate with any certainty, the potential outcomes on the Academy Trust's activities.

Income

All income is recognised in the Statement of Financial Activities once the academy trust has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Grants

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

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

income and recognised as a liability.

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.

Sponsorship income

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

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Other income

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

Donated goods, facilities and services

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

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the academy trust to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Charitable activities

Costs of charitable activities are 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.

Resources will be recorded net of VAT, with the exception of business costs where VAT is irrecoverable. They will be classified under headings that aggregate all costs relating to that activity.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Long leasehold	- Building 2% on cost and Land over the life of the lease
Fixtures and fittings	- 10% - 25% of cost

Computer equipment - 25% of cost

Accounting for fixed assets

Assets costing £2,000 or more will be capitalised as tangible fixed assets and will be carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets are acquired with the aid of specific grants, either from the government or from the private sector, they will be included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants will be credited to a restricted fixed asset fund in the SOFA and carried forward in the Balance Sheet. Depreciation on such assets will be charged to the restricted fixed asset fund in the SOFA so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the trust's depreciation policy.

The trustees have estimated the fair value of the leasehold premises at Stebon Primary based on a valuation by its local authority as at 31 March 2017.

Impairment

A review for impairment of a fixed asset will be 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 will be recognised as impairments. Impairment losses will be recognised in the Statement of Financial Activities.

Financial instruments

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

Financial assets-trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

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

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

Taxation

The academy trust is exempt from corporation tax on its charitable activities.

The 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 trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the academy trust. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

Retirement benefits to employees of the trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes, and the assets are held separately from those of the trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the 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 benefit method. The TPS is a multi-employer scheme and the trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the 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 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 will be obtained at least triennially and will be updated at each balance sheet date. The amounts charged to operating surplus will be the current service costs and gains and losses on settlements and curtailments. They will be included as part of staff costs. Past service costs are recognised immediately in the SOFA if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost will be shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses will be recognised immediately in other recognised gains and losses.

Central services

All central services are paid from the Trust bank account/budget before each school's allocation is shared out.

Hire purchase and leasing commitments

Rentals under operating leases will be charged on a straight line basis over the lease term.

Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgments will be continually evaluated and be 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 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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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

August 2021 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Notes to the Financial Statements for the year 31 August 2021

3. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
Capital grants	-	<u>19,430</u>	<u>19,430</u>	<u>17,527</u>

4. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
DfE/ESFA grants				
General Annual Grant (GAG)	-	4,963,562	4,963,562	4,810,662
Other DfE/EFSA grants	-	<u>1,642,367</u>	<u>1,642,367</u>	-
	-	<u>6,605,929</u>	<u>6,605,929</u>	<u>4,810,662</u>
Other Government grant				
Other Government grants	-	<u>627,375</u>	<u>627,375</u>	<u>2,061,530</u>
Other income from the academy trust's educational operations				
	-	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
	-	<u>7,273,304</u>	<u>7,273,304</u>	<u>6,912,192</u>

Notes to the Financial Statements for the year 31 August 2021

5. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
School meals	94,293	-	94,293	83,685
Other Income	<u>146,134</u>	<u>-</u>	<u>146,134</u>	<u>258,428</u>
	<u>240,427</u>	<u>-</u>	<u>240,427</u>	<u>342,113</u>

6. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
Deposit account interest	<u>111</u>	<u>-</u>	<u>111</u>	<u>1,284</u>

7. EXPENDITURE

	Staff costs £	Non-pay expenditure Premises £	Other costs £	2021 Total £	2020 Total £
Raising funds					
Costs of fundraising					
Allocated support costs	-	11,700	-	11,700	-
Charitable activities					
Academy's educational operations					
Direct costs	5,547,800	-	815,655	6,363,455	5,925,451
Allocated support costs	257	1,068,889	267,263	1,336,409	1,345,208
Teaching schools					
Direct costs	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
	<u>5,548,057</u>	<u>1,080,589</u>	<u>1,122,918</u>	<u>7,751,564</u>	<u>7,310,659</u>

Net income/(expenditure) is stated after charging/(crediting):

	2021 £	2020 £
Depreciation - owned assets	<u>342,079</u>	<u>433,241</u>

Notes to the Financial Statements for the year 31 August 2021

8. CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted funds £	2021 Total funds £	2020 Total funds £
Direct costs - academy's educational operations	240,538	6,122,917	6,363,455	5,925,451
Direct costs - teaching schools		40,000	40,000	40,000
Support costs - academy's educational operations	<u>-</u>	<u>1,336,409</u>	<u>1,336,409</u>	<u>1,345,208</u>
	<u>240,538</u>	<u>7,499,326</u>	<u>7,739,864</u>	<u>7,310,659</u>

Analysis of support costs

	2021 Total £	2020 Total £
Support staff costs	257	1,027
Depreciation	153,583	244,743
Technology costs	95,980	96,970
Premises costs	1,053,392	979,661
Governance costs	<u>33,197</u>	<u>22,807</u>
Total support costs	<u>1,336,409</u>	<u>1,345,208</u>

9. AUDITORS' REMUNERATION

	2021 £	2020 £
Fees payable to the charity's auditors for the audit of the charity's financial statements	10,000	9,250
Other non-audit services	<u>7,700</u>	<u>5,600</u>

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2021 nor for the year ended 31 August 2020.

11. STAFF COSTS

	2021 £	2020 £
Wages and salaries	4,424,206	4,092,510
Social security costs	400,005	332,097
Operating costs of defined benefit pension schemes	682,466	580,663
Apprenticeship levy	<u>6,394</u>	<u>6,251</u>
	5,513,071	5,011,521
Child care vouchers	257	1,027
ITT Bursary & other staff cost	<u>34,729</u>	<u>27,952</u>
	<u>5,548,057</u>	<u>5,040,500</u>

Notes to the Financial Statements for the year 31 August 2021

11. STAFF COSTS - continued

The average number of persons (including senior management team) employed by the academy trust during the year was as follows:

	2021	2020
Teachers	50	46
Administration and support	113	117
Management	<u>11</u>	<u>11</u>
	<u>174</u>	<u>174</u>

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

	2021	2020
£60,001 - £70,000	2	2
£100,001 - £110,000	<u>2</u>	<u>2</u>
	<u>4</u>	<u>4</u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior leadership team. As noted in note 10 above, there were no trustees' remuneration or other benefits for the year ended 31 August 2021 nor for the year ended 31 August 2020. The total amount of employee benefits (including employer pension contributions and employers national insurance contributions) received by key management personnel for their services to the academy trust was £447,114 (2020: £404,717).

12. TRUSTEES' AND OFFICERS' INSURANCE

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

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds	Restricted Fixed Asset funds £	Restricted General funds £	Total funds £
£				
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	-	17,527	-	17,527
Charitable activities				
Funding for the academy's educational operations	42,872	-	6,829,320	6,872,192
Teaching schools	-	-	40,000	40,000
Other trading activities	342,113	-	-	342,113
Investment income	<u>1,284</u>	<u>-</u>	<u>-</u>	<u>1,284</u>
Total	386,269	17,527	6,869,320	7,273,116

Notes to the Financial Statements for the year 31 August 2021

13. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted funds	Restricted Fixed Asset funds	Restricted General funds	Total funds
	£	£	£	£
EXPENDITURE ON				
Charitable activities				
Academy's educational operations	386,270	433,240	6,451,149	7,270,659
Teaching schools	-	-	40,000	40,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total	386,270	433,240	6,491,149	7,310,659
	<hr/>	<hr/>	<hr/>	<hr/>
NET INCOME/(EXPENDITURE)	(1)	(415,713)	378,171	(37,543)
Transfers between funds	<hr/>	<hr/>	<hr/>	<hr/>
	-	188,862	(188,862)	-
Other recognised gains/(losses)				
Actuarial gains/(losses) on defined benefitschemes	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	(203,000)	(203,000)
Net movement in funds	(1)	(226,851)	(13,691)	(240,543)
RECONCILIATION OF FUNDS				
Total funds brought forward	<hr/>	<hr/>	<hr/>	<hr/>
	-	12,225,829	(1,247,230)	10,978,599
TOTAL FUNDS CARRIED FORWARD	<hr/>	<hr/>	<hr/>	<hr/>
	(1)	11,998,978	(1,260,921)	10,738,056

14. TANGIBLE FIXED ASSETS

	Long leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 September 2020	12,349,830	1,338,922	706,194	14,394,946
Additions	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	133,720	133,720
At 31 August 2021	<hr/>	<hr/>	<hr/>	<hr/>
	12,349,830	1,338,922	839,914	14,528,666
DEPRECIATION				
At 1 September 2020	596,907	1,306,415	492,647	2,395,969
Charge for year	<hr/>	<hr/>	<hr/>	<hr/>
	188,496	9,669	143,914	342,079
At 31 August 2021	<hr/>	<hr/>	<hr/>	<hr/>
	785,403	1,316,084	636,561	2,738,048
NET BOOK VALUE				
At 31 August 2021	<hr/>	<hr/>	<hr/>	<hr/>
	11,564,427	22,838	203,353	11,790,618
At 31 August 2020	<hr/>	<hr/>	<hr/>	<hr/>
	11,752,923	32,507	213,547	11,998,977

The trust's transactions relating to land and buildings included:

Notes to the Financial Statements for the year 31 August 2021

14. TANGIBLE FIXED ASSETS - continued

- the taking up of a long leasehold on Stebon Primary School, Wallwood Street, London E14 7AD, for £NIL over term of 125 years. The asset was valued on 31 March 2017 at £12,349,830 (land £4,875,000 and building £7,474,830).

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2021	2020
	£	£
VAT	<u>82,573</u>	<u>113,845</u>
16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2021	2020
	£	£
Social security and other taxes	112,007	171,371
Other creditors	108,549	26,598
Accruals and deferred income	<u>218,936</u>	<u>317,610</u>
	<u>439,492</u>	<u>515,579</u>

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

				2021
	Unrestricted funds	Restricted Fixed Asset Funds	Restricted General funds	Total funds
	£	£	£	£
Fixed assets	-	11,790,618	-	-£ 11,790,618
Current assets	-	-	817,638	817,638
Current liabilities	-	-	(439,492)	(439,492)
Pension liability	-	-	-	-
	-	-	<u>(2,595,000)</u>	<u>(2,595,000)</u>
	<u>-</u>	<u>11,790,618</u>	<u>(2,216,854)</u>	<u>9,573,764</u>

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

				2020
	Unrestricted fund	Restricted Fixed Asset Funds	Restricted General Funds	Total funds
	£	£	£	£
Fixed assets	-	11,998,977	-	11,998,977
Current assets	-	-	903,658	903,658
Current liabilities	-	1	(515,580)	(515,579)
Pension liability	-	-	-	-
	-	-	<u>(1,649,000)</u>	<u>(1,649,000)</u>
	<u>-</u>	<u>11,998,978</u>	<u>(1,260,922)</u>	<u>10,738,056</u>

Notes to the Financial Statements for the year 31 August 2021

18. MOVEMENT IN FUNDS

	At 1/9/20	Net Movement in funds	Transfers between funds	At 31/8/21
	£	£	£	£
Restricted general funds				
Funding for the academy's educational Operations	388,078	123,789	(133,721)	378,146
Restricted Fixed Asset Funds	11,998,978	(342,081)	133,721	11,790,618
Pension Reserve	<u>(1,649,000)</u>	<u>(946,000)</u>	-	<u>(2,595,000)</u>
	<u>10,738,056</u>	<u>(1,164,292)</u>	-	<u>9,573,764</u>
TOTAL FUNDS	<u>10,738,056</u>	<u>(1,164,292)</u>	-	<u>9,573,764</u>

Net movement in funds, included in the above are as follows:

	Incoming Resources £	Resources expended £	Gains and losses £	Movement in funds £
Restricted general funds				
Funding for the academy's educational Operations	7,273,304	(7,149,515)	-	123,789
Restricted Fixed Asset Funds	19,430	(361,511)	-	(342,081)
Pension Reserve	-	-	<u>(946,000)</u>	<u>(946,000)</u>
	<u>7,292,734</u>	<u>(7,511,026)</u>	<u>(946,000)</u>	<u>(1,164,292)</u>
Unrestricted fund				
General fund	240,538	(240,538)	-	-
TOTAL FUNDS	<u>7,533,272</u>	<u>(7,751,564)</u>	<u>(946,000)</u>	<u>(1,164,292)</u>

Comparatives for movement in funds

	At 1/9/19 £	Net movement in funds £	Transfers between funds £	At 31/8/20 £
Restricted general funds				
Funding for the academy's educational Operations	198,771	378,169	(188,862)	388,078
Restricted Fixed Asset Funds	12,225,829	(415,713)	188,862	11,998,978
Pension Reserve	<u>(1,446,001)</u>	<u>(202,999)</u>	-	<u>(1,649,000)</u>
	<u>10,978,599</u>	<u>(240,543)</u>	-	<u>10,738,056</u>
TOTAL FUNDS	<u>10,978,599</u>	<u>(240,543)</u>	-	<u>10,738,056</u>

Notes to the Financial Statements for the year 31 August 2021

18. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Restricted general funds				
Funding for the academy's educational operations	6,869,320	(6,491,151)	-	378,169
Restricted Fixed Asset Funds	17,527	(433,240)	-	(415,713)
Pension Reserve	-	1	(203,000)	(202,999)
	<u>6,886,847</u>	<u>(6,924,390)</u>	<u>(203,000)</u>	<u>(240,543)</u>
Unrestricted fund				
General fund	386,269	(386,269)	-	-
	<u>7,273,116</u>	<u>(7,310,659)</u>	<u>(203,000)</u>	<u>(240,543)</u>

The Trust has not disaggregated the costs throughout the year and all balances in the Trust are held centrally. So no academy wise fund balances are provided.

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

Restricted general funds represents the grants received by the Company to fund its operational activities and development. Under the funding agreement with the Secretary of State, the Company's schools were not subject to a limit on the amount of GAG that they could carry forward at 31 August 2021.

Restricted fixed asset funds represent the grants and donations received by the Company to fund capital expenditure. In addition, the inherited funds represent the assets gifted to the Company on the conversion of the schools to a multi academy trust. Where a school has previously been a member of a separate academy, the value of the assets are included in the fund titled 'Transfer into company'.

Unrestricted general funds represent the unrestricted funds which can be utilised by the Directors at their discretion to further the Company's objectives.

19. PENSION AND SIMILAR OBLIGATIONS

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by London Borough of Tower Hamlets. 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 to the period ended 31 March 2019.

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

Notes to the Financial Statements for the year 31 August 2021

19. PENSION AND SIMILAR OBLIGATIONS - continued Teachers' pension scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for 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. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to TPS in the period amounted to £475,991 (2020 £393,815).

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

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

Local government pension scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £249,812 (2020 - £239,420), of which employer's contributions totalled £223,809 (2020 - £186,849) and employees' contributions totalled £26,003 (2020 - £52,571). The agreed contribution rates for future years are 18 per cent for employers and 6.50 per cent for employees.

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

Notes to the Financial Statements for the year 31 August 2021

19. PENSION AND SIMILAR OBLIGATIONS - continued

The amounts recognised in the Balance Sheet are as follows:

	Defined benefit pension plans	
	2021	2020
	£	£
Present value of funded obligations	(4,474,000)	(3,054,000)
Fair value of plan assets	<u>1,879,000</u>	<u>1,405,000</u>
	(2,595,000)	(1,649,000)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	<u>(2,595,000)</u>	<u>(1,649,000)</u>
Net liability	<u>(2,595,000)</u>	<u>(1,649,000)</u>

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

	Defined benefit pension plans	
	2021	2020
	£	£
Current service cost	416,000	390,000
Net interest from net defined benefit asset/liability	30,000	30,000
Past service cost	<u>-</u>	<u>-</u>
	<u>446,000</u>	<u>420,000</u>
Actual return on plan assets	<u>26,000</u>	<u>23,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2021	2020
	£	£
Opening defined benefit obligation on conversion	3,054,000	2,560,000
Current service cost	416,000	390,000
Contributions by scheme participants	56,000	53,000
Interest cost	56,000	53,000
Benefits paid	(14,000)	(12,000)
Obligation - other remeasurement	<u>906,000</u>	<u>10,000</u>
	<u>4,474,000</u>	<u>3,054,000</u>

Notes to the Financial Statements for the year 31 August 2021

19. PENSION AND SIMILAR OBLIGATIONS - continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2021	2020
	£	£
Opening fair value of scheme assets on conversion	1,405,000	1,114,000
Contributions by employer	200,000	187,000
Contributions by scheme participants	56,000	53,000
Expected return	26,000	23,000
Benefits paid	(14,000)	(12,000)
Return on plan assets (excluding interest income)	<u>206,000</u>	<u>40,000</u>
	<u>1,879,000</u>	<u>1,405,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	2021	2020
	£	£
Obligation - other remeasurement	(906,000)	(10,000)
Return on plan assets (excluding interest income)	<u>206,000</u>	<u>40,000</u>
	<u>(700,000)</u>	<u>30,000</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2021	2020
	£	£
Equities	1,503,200	1,124,000
Bonds	206,690	154,550
Property	150,320	112,400
Cash	<u>18,790</u>	<u>14,050</u>
	<u>1,879,000</u>	<u>1,405,000</u>

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2021	2020
Discount rate for scheme liabilities	1.65%	1.70%
Future salary increases	3.10%	2.40%
Benefit increases	2.90%	2.20%
Commutation of pensions to lump sums	50.00%	50.00%
Inflation assumption (CPI)	2.90%	2.20%

Notes to the Financial Statements for the year 31 August 2021

19. PENSION AND SIMILAR OBLIGATIONS - continued

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

	2021	2020
Retiring today		
Males	21.7	21.5
Females	23.9	23.5
Retiring in 20 years		
Males	23	22.6
Females	25.7	25
Sensitivity analysis		
	2021	2020
	£	£
Discount rate +0.1%	(137,000)	493,000
Discount rate -0.1%	137,000	(493,000)
Mortality assumption - 1-year increase	179,000	179,000
Mortality assumption - 1-year decrease	(179,000)	(179,000)
CPI rate +0.1%	125,000	441,000
CPI rate -0.1%	(125,000)	(441,000)

20. LONG-TERM COMMITMENTS, INCLUDING OPERATING LEASES

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021	2020
	£	£
Within one year	183,333	200,000
Between one and five years	800,000	800,000
In more than five years	<u>4,183,333</u>	<u>4,366,667</u>
	<u>5,166,666</u>	<u>5,366,667</u>

21. RELATED PARTY DISCLOSURES

The following related party transactions took place in the financial period.

All such transactions are conducted in accordance with the requirements of the AFH, 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.

- J Iver, spouse of Jo Franklin, Accounting Officer and CEO, is employed by the academy. J Iver was paid within the normal pay scale for his role as Headteacher and receives no special treatment as a result of the relationship. The trust has conflict of interest mitigation measures in place, including a fully independent performance review, regarding this related party.
- A Franklin, brother of Jo Franklin, Accounting Officer and the CEO, was engaged by the academy. A Franklin was paid £4,210 during the year (2020: £3,775), to carry out a photography project with Year 6 pupils. The trust has measures in place to ensure mitigation of any potential conflict of interest. There was an independent decision to assess the costs paid to this related party.

No other related party transactions took place in the period of account.

Detailed Statement of Financial Activities for the year ended 31 August 2021

22. TEACHING SCHOOL TRADING ACCOUNT

	2020/21 £000	2019/20 £000
Income		
Direct Income	<u>40</u>	<u>40</u>
Total Income	40	40
Expenditure Direct staff costs	<u>40</u>	<u>40</u>
Total expenditure	<u>40</u>	<u>(40)</u>
Surplus/(Deficit) from all sources	NIL	NIL
Teaching school balances at 1 September 2020	-	-
Teaching school balances at 31 August 2021	-	-

	2021 £	2020 £
INCOME AND ENDOWMENTS		
Donations and capital grants		
Capital grants	19,430	17,527
Other trading activities		
School meals	94,293	83,685
Other Income	<u>146,134</u>	<u>258,428</u>
	240,427	342,113
Investment income		
Deposit account interest	111	1,284
Charitable activities		
Grants	<u>7,273,304</u>	<u>6,912,192</u>
Total incoming resources	7,533,272	7,273,116
EXPENDITURE		
Charitable activities		
Wages	4,424,206	4,092,510
Social security	400,005	332,097
Pensions	682,466	580,663
Other Staff Costs	34,729	27,952
Apprenticeship levy	6,394	6,251
Educational supplies	433,275	501,843
Staff development	46,838	30,619
Educational consultancy	32,877	100,040
Goods and services	<u>342,665</u>	<u>293,476</u>
	6,403,455	5,965,451
Support costs Management		
Childcare vouchers	257	1,027
Maintenance of premises and equipment	246,895	177,869
Cleaning	187,052	148,622
Rent and rates	227,191	229,581
Energy costs	74,775	104,246
Insurance	17,046	17,210
Security and transport	21,103	7,013
Long leasehold	188,497	188,497
Fixtures and fittings	9,669	68,194
Computer equipment	143,914	176,549
Other costs	<u>30,046</u>	<u>34,930</u>
	1,146,445	1,153,738

This page does not form part of the statutory financial statements

	2021 £	2020 £
Management Finance		
Other costs	72,487	71,693
Information technology		
Technology costs	95,980	96,970
Governance costs		
Other costs	15,497	7,957
Auditors' remuneration	10,000	9,250
Auditors' remuneration for non-audit work	<u>7,700</u>	<u>5,600</u>
	<u>33,197</u>	<u>22,807</u>
Total resources expended	<u>7,751,564</u>	<u>7,310,659</u>
Net expenditure	<u><u>(218,292)</u></u>	<u><u>(37,543)</u></u>

This page does not form part of the statutory financial statements