

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 2022

Butler & Co LLP
Chartered Accountants
& Statutory Auditor
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THE LETTA TRUST

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FOR THE YEAR ENDED 31 AUGUST 2022

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THE LETTA TRUST

Reference and Administrative Details **FOR THE YEAR ENDED 31 AUGUST 2022**

MEMBERS:	Mrs Gael Hicks Mr Mark Campbell 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	
REGISTERED OFFICE	Bygrove Primary School Bygrove Street London Tower Hamlets E14 6DN	
REGISTERED COMPANY NUMBER	10726202 (England and Wales)	
AUDITORS	Butler & Co LLP Chartered Accountants & Statutory Auditor Third Floor 126-134 Baker Street London W1U 6UE	
BANKERS	Lloyds TSB 125 London Wall London EC2Y 5AS	
SENIOR LEADERSHIP TEAM	J Franklin J Iver F Durnian E Curtis R Begum	Chief Executive Officer Headteacher (Stebon) Headteacher (Bygrove) Deputy Head (Stebon) Chief Finance Officer

THE LETTA TRUST
Trustees' Report
FOR THE YEAR ENDED 31 AUGUST 2022

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 2022. 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 1020 pupil places from nursery, including 2 year old, 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 boards 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 will promote social equality, level the playing field and give children the opportunity to go on to live happy, healthy and fulfilling 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 three strategic goals to steer the Trust towards fulfilling its vision.

1. Strategic goal for education

Schools where the educational experience is world class, learning is irresistible and every child succeeds

2. Strategic goal for executive leadership and governance

People who are motivated, passionate about their work, cared for and given opportunities to learn and progress

THE LETTA TRUST

Trustees' Report **FOR THE YEAR ENDED 31 AUGUST 2022**

OBJECTIVES AND ACTIVITIES

Contd.

3. Strategic goal for partnerships and growth

A highly collaborative group of schools committed to community engagement and to partnership working that improves the quality of education for all young people

Our finance and operations strategy and budget plan are 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.

The substantial school improvement function that serves the Trust, providing ITT, apprenticeships and other training and development is of huge benefit to our schools. The provision also essentially funds itself and costs our schools nothing.

Objectives, strategies & activities

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 action research to improve the quality of education across the Trust. School leaders work closely together to learn from each other and develop effective practice.

Continuing professional development

The LETTA Trust leads a large partnership of schools who work together on school improvement activities and continuing professional development for school staff. In 2021-2022 the LETTA Training 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 2021 to July 2022 teaching staff in our schools participated in the Trust's professional learning activities including:

- Joint training sessions relating to the Trust's annual education development priority, pedagogy, which included a focus on meta-cognition and self-regulation
- Training relating to individual school improvement plans
- Menu training options that give staff an element of autonomy in regards to their professional learning
- Opportunities for reading and research
- Our level 3 teaching assistant apprenticeship and 'Lead London', an early leadership apprenticeship
- LETTA's Early Career Teacher programme
- The LETTA SCITT's initial teacher training routes including specialisms in SEND and mathematics

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. The Trust trained 4 staff members in 2021-2022 on administrative and business related apprenticeships.

Partnerships

LETTA Trust schools actively seek out opportunities to work with other schools on school improvement activities. We have strong partnerships with our LETTA Training partner schools, the Poplar Partnership and the Tower Hamlets Education Partnership. We also work closely with community organisations, including the East End Community Foundation and Poplar Harca, national ones like the Corum Shakespeare Schools Foundation charity and international organisations such as Morgan Stanley and Citigroup.

THE LETTA TRUST
Trustees' Report
FOR THE YEAR ENDED 31 AUGUST 2022

OBJECTIVES AND ACTIVITIES

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 65 new teachers annually who are employed in a range of schools both locally and further afield. Through our apprenticeships and as a Kickstart Gateway organisation we are able to support local people to get into work.

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 2021 to August 2022 pupils in our schools took part in a wide range of activities. Trips and visits, including residential school journeys, became a regular feature again as they were before 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. All children in Y4 performed in the Shakespeare Schools Festival and all children in Y5 took part in a Disney production project. Children in other year groups performed for their friends and families to celebrate a range of events across the year. The Y6 end of year performances returned much to the delight of other pupils and Y6 parents with performances of High School Musical.

Pupils took part in a wide range of local competitions in sports such as gymnastics and badminton. Sports clubs at lunchtime and after school were welcomed back as Covid restrictions lifted.

Remote education

When pupils were at home with Covid they were able to access a high quality education through remote learning. Pupils were able to access devices at home and complete their classwork using the Google Classroom platform and by dialling in to live lessons.

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 and all staff members were given the opportunity to take part in the national vaccination programme where they wished to do so.

Investor in People Platinum

In the summer term 2022, the Trust was assessed by Investors in People and received a Platinum award. This is the highest level of recognition held only by a small handful of organisations. The award is testament to the Trust's people-centred approach. Our staff are actively engaged in continuously improving what we do and in training and developing themselves and each other in order to do this.

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. All those involved in recruitment have been trained in this area.

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.

THE LETTA TRUST
Trustees' Report
FOR THE YEAR ENDED 31 AUGUST 2022

OBJECTIVES AND ACTIVITIES

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

STRATEGIC REPORT

Achievement and performance

Academic achievement

Trustees and governors monitor a range of academic outcomes in schools in the Trust including the schools' 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.

National attainment benchmarks

LETTA Trust schools were above the national average in each of the national benchmarks in the summer term 2022.

KS2 Data	reading	writing	GPS	maths	combined
LETTA	89	81	88	90	80
National	74	69	72	71	59

KS1 Data	reading	writing	maths
LETTA	76	69	74
National	67	58	68

Phonics	Y1 phonics	Y2 phonics
LETTA	76	89
National	75	87

GLD

LETTA	63
National	TBC

Special Educational Needs and/or Disabilities

There is a high proportion of pupils with SEND educated in our schools. Staff are well trained to meet their needs and to adapt the curriculum or provide specialist interventions as required. The quality of their work was recognised in the Inclusion Quality Mark awards renewed by our schools in summer 2022. One of our school was designated a Centre of Excellence and the other re-designated as a Flagship School for inclusion.

Attendance

Our pupils want to come to school. Attendance figures for LETTA schools in 2021-2022 were above national and local figures.

Catch up figures

Schools used catch up and recovery funding to employ agency tutors, school-based tutors and academic mentors to complete targeted interventions with pupils who needed additional support outside of the classroom to help them to catch up with their peers post pandemic. Approximately 65% pupils were working at age related expectations in reading, writing and maths when they returned to school in September 2021. Over the course of the year pupils made accelerated progress so that approximately 73% pupils were working at age related expectations in these areas by the end of the summer term 2022. This represents excellent progress but is still lower than pre-pandemic figures and there will be further work to do on recovery in 2022-2023.

THE LETTA TRUST

Trustees' Report FOR THE YEAR ENDED 31 AUGUST 2022

STRATEGIC REPORT

Achievement and performance

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 budget 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 review

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 2021 to the 31 August 2022 and the associated expenditure is shown as restricted funds in the statement of financial activities (SOFA).

Total income for the period was £8,716k (2021: £7,533k) of which £5,482k (2021: £4,963k) related to the recurrent revenue grant income.

The trust held fund balances at 31st of August 2022 of £12,006k (2021: £9,574k). These funds included restricted fixed asset funds of £12,088k (2021: £11,791k), other restricted funds of £357k (2021: £378k) and unrestricted funds of £NIL (2021: £NIL). There is also a pension reserve deficit of £440k (2021: £2,595k) relating to the LGPS.

The LGPS pension reserve fund is in deficit at 31 August 2022. 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 guarantee came into force on 18 July 2013. 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 trust has an operational surplus (net income plus depreciation and amortisation) of £568,908 (2021: £123,789). Overall there has been an increase in funds over the latest accounting period, of £2,431,783 (2021 reduction - £1,164,292). The majority of the increase 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:

	2022	2021
	£	£
Operational surplus	568,908	123,789
Depreciation and amortisation	(292,125)	(342,081)
Pension fund adjustment	<u>2,155,000</u>	<u>(946,000)</u>
Total increase/(reduction) in funds	<u><u>2,431,783</u></u>	<u><u>(1,164,292)</u></u>

THE LETTA TRUST

Trustees' Report **FOR THE YEAR ENDED 31 AUGUST 2022**

STRATEGIC REPORT

Financial review

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. As at 31 August 2022, the Trust's uncommitted reserves totalled £357,351 (2021: £378,146). These figures represent the reserve after funds to cover the increase in support staff pay backdated to April 2022 had been accrued.

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 staff pay increases, rising inflation and energy costs.

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.

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 the 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, fraud and the impact of inflation
- Pension Scheme: risks associated with the LGPS defined benefit pension scheme and the current pension deficit

THE LETTA TRUST

Trustees' Report **FOR THE YEAR ENDED 31 AUGUST 2022**

STRATEGIC REPORT

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 gradually going up, 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 13 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.

THE LETTA TRUST
Trustees' Report
FOR THE YEAR ENDED 31 AUGUST 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 2021 to August 2022 The LETTA Trust Board met 6 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. However, no expenses have been claimed in 2022 or 2021.

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 11. During the period September 2021 to August 2022 there was a successful performance management review for the CEO, the CFO, the Headteachers and the Director of School Improvement.

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 Training partnership. 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.

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Trustees' Report
FOR THE YEAR ENDED 31 AUGUST 2022

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 16.12.2022 and signed on its behalf by:



.....
Mr Peter Sherratt - Trustee

THE LETTA TRUST

Governance Statement FOR THE YEAR ENDED 31 AUGUST 2022

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 6 times during the year.

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

Trustee	Meetings attended	Out of a possible
Mr Peter Sherratt (Chair of Trustees)	5	6
Ms Ruth Brock (Vice-chair of Trustees)	6	6
Mr Ramakrishnan Venkatakrishna (Chair of Resources Committee)	2	6
Mr Oliver Woodward (Vice-chair of Resources Committee)	5	6
Mr Stuart Poyser (Chair of Audit and Risk Committee)	4	6
Mr Peter Stone	3	6
Mr Daniel Rose	5	6

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
Mr Ramakrishnan Venkatakrishna (Chair of Resources Committee)	5	6
Mr Oliver Woodward (Vice-chair of Resources Committee)	5	6
Mr Peter Stone	6	6
Mr Daniel Rose	6	6

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
Mr Stuart Poyser (Chair of Audit and Risk Committee)	4	4
Ms Ruth Brock	2	4

Governance review

Trustees commissioned an external governance review in the Autumn term 2021 in order to provide information from an external body to support self-evaluation and improvement planning.

THE LETTA TRUST

Governance Statement **FOR THE YEAR ENDED 31 AUGUST 2022**

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:

- Developing systems for sharing and developing expertise across the Trust
- Developing the scope of the Trust's school improvement team to support schools both within the Trust and beyond. This includes providing initial teacher training through the LETTA SCITT, apprenticeships, Early Career Teacher and leadership development programmes and school improvement partner support
- Sharing specialist staff across schools including staff in leadership posts
- 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 to provide additional income for our schools

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 on the recommendations following these audits.

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 is updated each month to reflect the current risks to all aspects of the work of the Trust. The Chair of Trustees receives an updated copy 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 is reviewed at least annually to ensure it is fit for purpose.

THE LETTA TRUST

Governance Statement **FOR THE YEAR ENDED 31 AUGUST 2022**

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. There is an opportunity to discuss these further in the full Trust Board meetings also.
- 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 appoint an internal auditor annually 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 2021-2022 included:

- Scheme of Delegation and high value purchases
- Accounting system
- Purchasing
- Payroll
- Management support to finance staff
- Conflicts of interest
- Hospitality and personal benefit
- Assurance arrangements
- Financial reporting
- Non grant income
- Compliance with ESFA transparency requirements
- Other governance requirements (Regularity, Propriety and Compliance)
- Review of census data returned to DfE

THE LETTA TRUST

Governance Statement
FOR THE YEAR ENDED 31 AUGUST 2022

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. Each Trust Board meeting includes the opportunity to discuss matters relating to financial oversight of the Trust.

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 16.12.2022 and signed on its behalf by:



.....
Mr Peter Sherratt - Trustee



.....
Jo Franklin - Accounting Officer

THE LETTA TRUST

Statement on Regularity, Propriety and Compliance
FOR THE YEAR ENDED 31 AUGUST 2022

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 Academy Trust Handbook 2021.

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 Academy Trust Handbook 2021.

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:16.12.2022.....

THE LETTA TRUST

Statement of Trustees' Responsibilities
FOR THE YEAR ENDED 31 AUGUST 2022

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

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


- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

The Trustees' report, incorporating a strategic report, was approved by order of the Trust Board, as the company directors, on 16.12.2022 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 2022 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 2021 to 2022 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 2022 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 2021 to 2022.

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 consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

**Report of the Independent Auditors to the Members of
The Letta Trust**

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 companies 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 Trust's policies and procedures relating to:
 - *Identifying, evaluating and complying with applicable 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 Trust operates in.

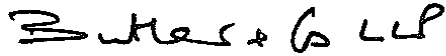
As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance.

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.

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

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

19 December 2022

Date:

**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 2021 to 2022, 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 2021 to 31 August 2022 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 Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. 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 2021 to 31 August 2022 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 2021 to 2022 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 2021 to 31 August 2022 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

19 December 2022

Date:

THE LETTA TRUST

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
FOR THE YEAR ENDED 31 AUGUST 2022

		Unrestricted	Restricted	Restricted	2022	2021
	Notes	fund	Fixed	General	Total	Total
		£	Asset	Funds	funds	funds
		£	Funds	Funds	£	£
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	3	-	470,047	-	470,047	19,430
Charitable activities						
Funding for the academy's educational operations	4	-	-	7,683,323	7,683,323	7,233,304
Teaching school hub	4	-	-	-	-	40,000
Other trading activities	5	562,269	-	-	562,269	240,427
Investment income	6	113	-	-	113	111
Total		<u>562,382</u>	<u>470,047</u>	<u>7,683,323</u>	<u>8,715,752</u>	<u>7,533,272</u>
EXPENDITURE ON						
Raising funds	8	15,925	-	-	15,925	11,700
Charitable activities						
Academy's educational operations	9	546,457	292,125	7,584,462	8,423,044	7,699,864
Teaching school hub	9	-	-	-	-	40,000
Total		<u>562,382</u>	<u>292,125</u>	<u>7,584,462</u>	<u>8,438,969</u>	<u>7,751,564</u>
NET INCOME/(EXPENDITURE)		-	177,922	98,861	276,783	(218,292)
Transfers between funds	19	-	119,656	(119,656)	-	-
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit schemes		-	-	2,155,000	2,155,000	(946,000)
Net movement in funds		-	297,578	2,134,205	2,431,783	(1,164,292)
RECONCILIATION OF FUNDS						
Total funds brought forward		-	11,790,618	(2,216,854)	9,573,764	10,738,056
TOTAL FUNDS CARRIED FORWARD		<u>-</u>	<u>12,088,196</u>	<u>(82,649)</u>	<u>12,005,547</u>	<u>9,573,764</u>


The notes form part of these financial statements

THE LETTA TRUST

Balance Sheet
31 AUGUST 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Tangible assets	15	12,088,195	11,790,618
CURRENT ASSETS			
Debtors	16	132,455	82,573
Prepayments and accrued income		432,515	182,414
Cash at bank and in hand		<u>490,797</u>	<u>552,651</u>
		1,055,767	817,638
CREDITORS			
Amounts falling due within one year	17	(698,415)	(439,492)
NET CURRENT ASSETS		<u>357,352</u>	<u>378,146</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,445,547	12,168,764
PENSION LIABILITY	20	(440,000)	(2,595,000)
NET ASSETS		<u>12,005,547</u>	<u>9,573,764</u>
FUNDS	19		
Restricted funds:			
Funding for the academy's educational operations		357,351	378,146
Restricted Fixed Asset Funds		12,088,196	11,790,618
Pension Reserve		<u>(440,000)</u>	<u>(2,595,000)</u>
		<u>12,005,547</u>	<u>9,573,764</u>
TOTAL FUNDS		<u>12,005,547</u>	<u>9,573,764</u>

The financial statements were authorised for issue by the Board of Trustees and authorised for issue on 16.12.2022 and were signed on its behalf by:

..... 

Mr Peter Sherratt - Trustee

The notes form part of these financial statements

THE LETTA TRUST

Cash Flow Statement
FOR THE YEAR ENDED 31 AUGUST 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	<u>527,735</u>	<u>136,773</u>
Net cash provided by operating activities		<u>527,735</u>	<u>136,773</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(589,702)	(133,720)
Interest received		<u>113</u>	<u>111</u>
Net cash used in investing activities		<u>(589,589)</u>	<u>(133,609)</u>
<hr/>			
Change in cash and cash equivalents in the reporting period		(61,854)	3,164
Cash and cash equivalents at the beginning of the reporting period		<u>552,651</u>	<u>549,487</u>
Cash and cash equivalents at the end of the reporting period		<u>490,797</u>	<u>552,651</u>

The notes form part of these financial statements

THE LETTA TRUST

Notes to the Cash Flow Statement
FOR THE YEAR ENDED 31 AUGUST 2022

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022 £	2021 £
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	276,783	(218,292)
Adjustments for:		
Depreciation charges	292,125	342,079
Interest received	(113)	(111)
(Increase)/decrease in debtors	(299,983)	89,184
Increase/(decrease) in creditors	<u>258,923</u>	<u>(76,087)</u>
Net cash provided by operations	<u>527,735</u>	<u>136,773</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/9/21 £	Cash flow £	At 31/8/22 £
Net cash			
Cash at bank and in hand	<u>552,651</u>	<u>(61,854)</u>	<u>490,797</u>
	<u>552,651</u>	<u>(61,854)</u>	<u>490,797</u>
Total	<u>552,651</u>	<u>(61,854)</u>	<u>490,797</u>

The notes form part of these financial statements

THE LETTA TRUST

Notes to the Financial Statements **FOR THE YEAR ENDED 31 AUGUST 2022**

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 2021 to 2022 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.

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.

THE LETTA TRUST

Notes to the Financial Statements - continued **FOR THE YEAR ENDED 31 AUGUST 2022**

2. ACCOUNTING POLICIES - continued

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 trust's premises that were transferred by the local authority at the time of conversion, were included in the financial statements at an amount based on a valuation provided by the local authority. Following transition to FRS 102, this amount has been included in the financial statements as the deemed cost. Any subsequent additions are included at cost.

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.

THE LETTA TRUST

Notes to the Financial Statements - continued **FOR THE YEAR ENDED 31 AUGUST 2022**

2. ACCOUNTING POLICIES - continued

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.

THE LETTA TRUST

Notes to the Financial Statements - continued FOR THE YEAR ENDED 31 AUGUST 2022

2. ACCOUNTING POLICIES - continued

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 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 August 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. 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.

3. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
Capital grants (2022 - roof works)	<u> -</u>	<u> 470,047</u>	<u> 470,047</u>	<u> 19,430</u>

4. FUNDING FOR THE ACADEMY TRUST'S CHARITABLE ACTIVITIES

	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
Educational operations				
DfE/ESFA grants				
General Annual Grant(GAG)	-	5,482,476	5,482,476	4,963,562
Other DfE/EFSA grants	<u> -</u>	<u> 1,169,501</u>	<u> 1,169,501</u>	<u> 1,278,954</u>
	<u> -</u>	<u> 6,651,977</u>	<u> 6,651,977</u>	<u> 6,242,516</u>
Other Government grant				
Other Government grants	<u> -</u>	<u> 1,031,346</u>	<u> 1,031,346</u>	<u> 990,788</u>
	<u> -</u>	<u> 7,683,323</u>	<u> 7,683,323</u>	<u> 7,233,304</u>
Teaching school hub				
DfE/ESFA grants	<u> -</u>	<u> -</u>	<u> -</u>	<u> 40,000</u>

THE LETTA TRUST

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 AUGUST 2022

5. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
School meals	122,330	-	122,330	94,293
Other Income (2022 - Kickstart funding)	<u>439,939</u>	<u>-</u>	<u>439,939</u>	<u>146,134</u>
	<u>562,269</u>	<u>-</u>	<u>562,269</u>	<u>240,427</u>

6. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
Deposit account interest	<u>113</u>	<u>-</u>	<u>113</u>	<u>111</u>

7. EXPENDITURE

	Non-pay expenditure			2022	2021
	Staff costs £	Premises £	Other costs £	Total £	Total £
Raising funds					
Costs of fundraising					
Allocated support costs	-	15,925	-	15,925	11,700
Charitable activities					
Academy's educational operations					
Direct costs	6,097,979	-	1,039,802	7,137,781	6,363,455
Allocated support costs	-	1,035,116	250,147	1,285,263	1,336,409
Teaching school hub					
Direct costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
	<u>6,097,979</u>	<u>1,051,041</u>	<u>1,289,949</u>	<u>8,438,969</u>	<u>7,751,564</u>

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

	2022 £	2021 £
Depreciation - owned assets	<u>292,125</u>	<u>342,079</u>

THE LETTA TRUST

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 AUGUST 2022

8. RAISING FUNDS

Costs of fundraising

	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
Support costs	<u>15,925</u>	<u>-</u>	<u>15,925</u>	<u>11,700</u>

9. CHARITABLE ACTIVITIES

	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
Direct costs - academy's educational operations	364,430	6,773,351	7,137,781	6,363,455
Direct costs - teaching school hub	-	-	-	40,000
Support costs - academy's educational operations	<u>182,027</u>	<u>1,103,236</u>	<u>1,285,263</u>	<u>1,336,409</u>
	<u>546,457</u>	<u>7,876,587</u>	<u>8,423,044</u>	<u>7,739,864</u>

	2022 Total £	2021 Total £
Analysis of support costs		
Support staff costs	-	257
Depreciation	102,954	153,583
Technology costs	132,458	95,980
Premises costs	1,014,418	1,053,392
Governance costs	<u>35,433</u>	<u>33,197</u>
Total support costs	<u>1,285,263</u>	<u>1,336,409</u>

10. AUDITORS' REMUNERATION

	2022 £	2021 £
Fees payable to the charity's auditors for the audit of the charity's financial statements	8,685	10,000
Other non-audit services	<u>6,050</u>	<u>7,700</u>

THE LETTA TRUST

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 AUGUST 2022

11. STAFF COSTS

	2022	2021
	£	£
Wages and salaries	4,857,354	4,424,206
Social security costs	408,712	400,005
Operating costs of defined benefit pension schemes	743,592	682,466
Apprenticeship levy	<u>9,337</u>	<u>6,394</u>
	6,018,995	5,513,071
Child care vouchers	-	257
ITT Bursary & other staff cost	<u>78,984</u>	<u>34,729</u>
	<u><u>6,097,979</u></u>	<u><u>5,548,057</u></u>

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

	2022	2021
Teachers	44	50
Administration and support	120	113
Management	12	11
DWP Initiative - Kickstart	<u>16</u>	<u>-</u>
	<u><u>192</u></u>	<u><u>174</u></u>

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

	2022	2021
£60,001 - £70,000	3	2
£100,001 - £110,000	1	2
£110,001 - £120,000	<u>1</u>	<u>-</u>
	<u><u>5</u></u>	<u><u>4</u></u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior leadership team as listed on page 1. As noted in note 10 above, there were no trustees' remuneration or other benefits for the year ended 31 August 2022 nor for the year ended 31 August 2021. 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 £546,111 (2021: £534,848).

THE LETTA TRUST

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 AUGUST 2022

12. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

There were no payments to trustees in respect of remuneration, other benefits or expenses for the two years ended 31 August 2022.

13. 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.

14. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted Fixed Asset Funds £	Restricted General Funds £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	-	19,430	-	19,430
Charitable activities				
Funding for the academy's educational operations	-	-	7,233,304	7,233,304
Teaching school hub	-	-	40,000	40,000
Other trading activities	240,427	-	-	240,427
Investment income	<u>111</u>	<u>-</u>	<u>-</u>	<u>111</u>
Total	<u>240,538</u>	<u>19,430</u>	<u>7,273,304</u>	<u>7,533,272</u>
EXPENDITURE ON				
Raising funds	-	-	11,700	11,700
Charitable activities				
Academy's educational operations	240,538	361,511	7,097,815	7,699,864
Teaching school hub	-	-	40,000	40,000
Total	<u>240,538</u>	<u>361,511</u>	<u>7,149,515</u>	<u>7,751,564</u>
NET INCOME/(EXPENDITURE)	-	(342,081)	123,789	(218,292)
Transfers between funds	-	133,721	(133,721)	-
Other recognised gains/(losses)				
Actuarial gains/(losses) on defined benefit schemes	<u>-</u>	<u>-</u>	<u>(946,000)</u>	<u>(946,000)</u>
Net movement in funds	-	(208,360)	(955,932)	(1,164,292)
RECONCILIATION OF FUNDS				
Total funds brought forward	<u>-</u>	<u>11,998,978</u>	<u>(1,260,922)</u>	<u>10,738,056</u>
TOTAL FUNDS CARRIED FORWARD	<u><u>-</u></u>	<u><u>11,790,618</u></u>	<u><u>(2,216,854)</u></u>	<u><u>9,573,764</u></u>

THE LETTA TRUST

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 AUGUST 2022

15. TANGIBLE FIXED ASSETS

	Long leasehold £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 September 2021	12,349,830	1,338,922	839,914	14,528,666
Additions	506,307	68,460	14,935	589,702
Disposals	<u>-</u>	<u>-</u>	<u>(63,369)</u>	<u>(63,369)</u>
At 31 August 2022	<u>12,856,137</u>	<u>1,407,382</u>	<u>791,480</u>	<u>15,054,999</u>
DEPRECIATION				
At 1 September 2021	785,403	1,316,084	636,561	2,738,048
Charge for year	189,172	10,884	92,069	292,125
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>(63,369)</u>	<u>(63,369)</u>
At 31 August 2022	<u>974,575</u>	<u>1,326,968</u>	<u>665,261</u>	<u>2,966,804</u>
NET BOOK VALUE				
At 31 August 2022	<u>11,881,562</u>	<u>80,414</u>	<u>126,219</u>	<u>12,088,195</u>
At 31 August 2021	<u>11,564,427</u>	<u>22,838</u>	<u>203,353</u>	<u>11,790,618</u>

The long leasehold relates to Stebon Primary School, Wallwood Street, London E14 7AD over term of 125 year commencing on 1 July 2017. The trust's premises were transferred by the local authority at the time of conversion and were included in the financial statements at an amount based on a valuation provided by the local authority. Following transition to FRS 102, this amount has been included in the financial statements as the deemed cost. Any subsequent additions are included at cost. Additions of £506k during the year relate to roof works, lighting and nursery facilities.

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £	2021 £
Other debtors	12,331	-
VAT	<u>120,124</u>	<u>82,573</u>
	<u>132,455</u>	<u>82,573</u>

THE LETTA TRUST

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 AUGUST 2022

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Social security and other taxes	108,000	112,007
Other creditors	217,692	108,549
Accruals and deferred income	<u>372,723</u>	<u>218,936</u>
	<u>698,415</u>	<u>439,492</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted			2022
	Unrestricted	Fixed	Restricted	Total
	fund	Asset	General	funds
	£	Funds	Funds	£
Fixed assets	-	12,088,195	-	12,088,195
Current assets	-	-	1,055,767	1,055,767
Current liabilities	-	1	(698,416)	(698,415)
Pension liability	-	-	<u>(440,000)</u>	<u>(440,000)</u>
	<u>-</u>	<u>12,088,196</u>	<u>(82,649)</u>	<u>12,005,547</u>

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

	Restricted			2021
	Unrestricted	Fixed	Restricted	Total
	fund	Asset	General	funds
	£	Funds	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>

19. MOVEMENT IN FUNDS

	At 1/9/21	Net	Transfers	At
	£	movement	between	31/8/22
	£	in funds	funds	£
	£	£	£	£
Restricted general funds				
Funding for the academy's educational operations	378,146	98,861	(119,656)	357,351
Restricted Fixed Asset Funds	11,790,618	177,922	119,656	12,088,196
Pension Reserve	<u>(2,595,000)</u>	<u>2,155,000</u>	-	<u>(440,000)</u>
	<u>9,573,764</u>	<u>2,431,783</u>	-	<u>12,005,547</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUNDS	<u>9,573,764</u>	<u>2,431,783</u>	<u>-</u>	<u>12,005,547</u>

THE LETTA TRUST

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 AUGUST 2022

19. MOVEMENT IN FUNDS - continued

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	7,683,323	(7,584,462)	-	98,861
Restricted Fixed Asset Funds	470,047	(292,125)	-	177,922
Pension Reserve	<u>-</u>	<u>-</u>	<u>2,155,000</u>	<u>2,155,000</u>
	<u>8,153,370</u>	<u>(7,876,587)</u>	<u>2,155,000</u>	<u>2,431,783</u>
Unrestricted fund				
General fund	<u>562,382</u>	<u>(562,382)</u>	<u>-</u>	<u>-</u>
TOTAL FUNDS	<u>8,715,752</u>	<u>(8,438,969)</u>	<u>2,155,000</u>	<u>2,431,783</u>

Comparatives for 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>-</u>	<u>(2,595,000)</u>
	<u>10,738,056</u>	<u>(1,164,292)</u>	<u>-</u>	<u>9,573,764</u>
TOTAL FUNDS	<u>10,738,056</u>	<u>(1,164,292)</u>	<u>-</u>	<u>9,573,764</u>

THE LETTA TRUST

Notes to the Financial Statements - continued FOR THE YEAR ENDED 31 AUGUST 2022

19. 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	7,273,304	(7,149,515)	-	123,789
Restricted Fixed Asset Funds	19,430	(361,511)	-	(342,081)
Pension Reserve	<u>-</u>	<u>-</u>	<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>

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 Trust to fund its operational activities and development. Under the funding agreement with the Secretary of State, the Trust's schools were not subject to a limit on the amount of GAG that they could carry forward at 31 August 2022.

Restricted fixed asset funds represent the grants and donations received by the Trust to fund capital expenditure. In addition, the inherited funds represent the assets gifted to the Trust 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 Trust".

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

20. PENSION AND SIMILAR OBLIGATIONS

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

Contributions amounting to £79,653 were payable to the schemes at 31 August 2022 (2021 - £77,018) and are included within creditors.

THE LETTA TRUST

Notes to the Financial Statements - continued **FOR THE YEAR ENDED 31 AUGUST 2022**

20. 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 2024.

The employer's pension costs paid to TPS in the period amounted to £464,126 (2021 - £475,991).

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 2022 was £345,867 (2021 - £249,812), of which employer's contributions totalled £274,771 (2021 - £223,809). and employees' contributions totalled £71,096 (2021 - £26,003). The agreed contribution rates for future years are 22.90 per cent for employers and 6.10 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.

THE LETTA TRUST

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 AUGUST 2022

20. PENSION AND SIMILAR OBLIGATIONS - continued

The amounts recognised in the Balance Sheet are as follows:

	Defined benefit pension plans	
	2022	2021
	£	£
Present value of funded obligations	(2,518,000)	(4,474,000)
Fair value of plan assets	<u>2,078,000</u>	<u>1,879,000</u>
	(440,000)	(2,595,000)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	<u>(440,000)</u>	<u>(2,595,000)</u>
Net liability	<u>(440,000)</u>	<u>(2,595,000)</u>

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

	Defined benefit pension plans	
	2022	2021
	£	£
Current service cost	757,000	416,000
Net interest from net defined benefit asset/liability	46,000	30,000
Past service cost	<u>-</u>	<u>-</u>
	<u>803,000</u>	<u>446,000</u>
Actual return on plan assets	<u>34,000</u>	<u>26,000</u>

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

	Defined benefit pension plans	
	2022	2021
	£	£
Opening defined benefit obligation	4,474,000	3,054,000
Current service cost	757,000	416,000
Contributions by scheme participants	69,000	56,000
Interest cost	80,000	56,000
Benefits paid	(11,000)	(14,000)
Obligation - other remeasurement	<u>(2,851,000)</u>	<u>906,000</u>
	<u>2,518,000</u>	<u>4,474,000</u>

THE LETTA TRUST

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 AUGUST 2022

20. PENSION AND SIMILAR OBLIGATIONS - continued

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

	Defined benefit pension plans	
	2022	2021
	£	£
Opening fair value of scheme assets	1,879,000	1,405,000
Contributions by employer	268,000	200,000
Contributions by scheme participants	69,000	56,000
Expected return	34,000	26,000
Benefits paid	(11,000)	(14,000)
Return on plan assets (excluding interest income)	<u>(161,000)</u>	<u>206,000</u>
	<u>2,078,000</u>	<u>1,879,000</u>

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

	Defined benefit pension plans	
	2022	2021
	£	£
Obligation - other remeasurement	2,851,000	(906,000)
Return on plan assets (excluding interest income)	<u>(161,000)</u>	<u>206,000</u>
	<u>2,690,000</u>	<u>(700,000)</u>

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

	Defined benefit pension plans	
	2022	2021
	£	£
Equities	1,766,300	1,503,200
Bonds	83,120	206,690
Property	207,800	150,320
Cash	<u>20,780</u>	<u>18,790</u>
	<u>2,078,000</u>	<u>1,879,000</u>

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

	2022	2021
Discount rate	4.25%	1.65%
Salary increase rate	3.25%	3.10%
Pension increase rate (CPI)	3.05%	2.90%

THE LETTA TRUST

Notes to the Financial Statements - continued
FOR THE YEAR ENDED 31 AUGUST 2022

20. 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:

	2022	2021
Retiring today		
Males	21.5	21.7
Females	23.7	23.9
Retiring in 20 years		
Males	22.7	23
Females	25.5	25.7

Sensitivity analysis

	2022	2021
	£	£
Discount rate +0.1%	(77,000)	(137,000)
Discount rate -0.1%	77,000	137,000
Mortality assumption - 1 year increase	101,000	179,000
Mortality assumption - 1 year decrease	(101,000)	(179,000)
CPI rate +0.1%	72,000	125,000
CPI rate -0.1%	(72,000)	(125,000)

21. LONG-TERM COMMITMENTS, INCLUDING OPERATING LEASES

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

	2022	2021
	£	£
Within one year	195,774	183,333
Between one and five years	827,992	800,000
In more than five years	<u>3,983,333</u>	<u>4,183,333</u>
	<u>5,007,099</u>	<u>5,166,666</u>

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22. 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 £3,749 during the year (2021: £4,210), 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.

-Letta School Direct Limited is a company limited by guarantee whose directors are also the members of the senior management team of The Letta Trust.

During the year, The Letta Trust received contributions for salary costs from Letta School Direct Limited. These salaries relate to staff delivering initial teacher training, apprenticeships and other professional development.

The amount received was £369,553 (2021 - £381,286).

There were no amounts due to or from Letta School Direct Limited as at 31 August 2022 nor at 31 August 2021.

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