

Genesis Education Trust

Annual Report and Financial Statements

31 August 2020

Company Limited by Guarantee
Registration Number
10653595 (England and Wales)

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Reference and administrative information

Members	Laurence Jones Fr Telen Salvador Mark Spener Ellis (appointed 5 February 2020) Elwin Cockett (resigned 20 November 2019) Graham Moss Bishop Trevor Thomas (resigned 29 January 2020)
Trustees	Graham Moss (Chair of the Trustees) Rev Canon Ade Ademola (Vice-chair) Beverley Hall Heather Boardman Paul Powell Nana Banton (resigned 15 October 2019) Lisa Collison Hilton Osagioduwa Idahosa Nicola King Samir Soni (resigned 27 January 2020)
Chief executive officer	Beverley Hall
Company Secretary	Alison Brown
Senior Management Team	Beverley Hall Elaine McDonald-James David Huntingford Iram Malik Jenny Matthews Matthew O'Brien Amir Lemouchi
Registered address	St Mary's C Of E Primary School Brooke Road Walthamstow London E17 9HJ
Company registration number	10653595 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Trustees' report Year to 31 August 2020

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

The trust operates 3 Church of England schools within East London. The academies have a combined pupil capacity of 1,470. The MAT formed in April 2017 and is working with other schools and academies to support school to school improvement.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy is a charitable company limited by guarantee and an exempt charity. The charitable company's Memorandum of Association is the primary governing document of the academy trust. The Trustees of Genesis Education Trust are also the directors of the charitable company for the purpose of company law. Details of the Trustees who served during the year are included in the Reference and administrative details on page 1.

Members' liability

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

Trustees' indemnities

The trust holds an insurance policy with the DfE Risk Protection Arrangement which includes Trustees liability insurance. This qualifies as third-party indemnity insurance as defined in Section 236 of the Companies Act 2006.

Principal activities

The principal activity of the Academy is to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad curriculum.

There were four members of the Academy Trust as at 31 August 2020.

Method of recruitment and appointment or election of Trustees

The Trustees are appointed under the rules contained within the Trust's Memorandum and Articles of Association and Membership of the board of Trustees in accordance with the structure contained within it. The number of Trustees and the appointments made are in line with the guidance in the Articles of Association.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies and procedures adopted for the induction and training of Trustees

All newly appointed Trustees are given induction training which reflects their previous experience. The Trust will undertake an annual skills audit of Trustees and, when gaps are identified; training courses will be offered to address these issues. Any declarations of interest are requested at each full Trust Board meeting. A declaration of interest form is completed by each member of the Trust Board and each member of the Senior Management Team; these forms are monitored in order to identify any conflicts of interest.

Organisational structure

The Trustees are responsible for exercising oversight of the governance and management of the Trust. In exercising their responsibilities, trustees consider the advice given by the CEO, other executive officers and Local Governing Bodies (LGBs), as appropriate.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust by use of results and budgets; making major decisions about the direction of the Trust, capital expenditure and senior staff appointments.

Pay policy for key management personnel

The remuneration of key management personnel is determined by the LGB Personnel Committee. The committee is guided by the Pay Policy and supported by an HR partner ensuring that all available relevant information is considered including legislative obligations, teaching and support pay scales in relation to salaries and settlement levels, internal differentials, recruitment difficulties, the proposed cost and ability to pay.

Trade union facility time

Genesis Education Trust has no employees who were relevant union officials during this reporting period.

Connected organisations, including related party relationships

There are no related parties which either control or significantly influence the decisions and operations of the Trust. The principal related party with which the Academy Transacts is the Little Learners Nursery Group, of which Elaine McDonald-James is a director. Transactions with this organisation and with trustees are disclosed in the notes to the financial statements.

OBJECTIVES AND ACTIVITIES

Objects and aims

- ◆ To create a safe, secure and positive environment where young people feel listened to and valued.
- ◆ To develop a stimulating, flexible curriculum in order to meet the needs and aspirations of different individuals.
- ◆ To create varied learning and enrichment opportunities to encourage the personal development of young people so that they gain the positive attributes and ethical grounding needed to make a valuable contribution to society.
- ◆ To develop high quality teaching and learning provision alongside effective pupil support structures, so that every child is able to achieve their full academic potential.
- ◆ To ensure access to relevant, engaging and effective professional development opportunities so that staff, as well as pupils, become lifelong learners.
- ◆ To collaborate with the wider community and work in partnership with relevant organisations in order to enhance our educational provision and strengthen community spirit.
- ◆ To ensure high quality and effective communication and consultation with staff, pupils, parents/carers and the wider community.
- ◆ To be an innovative and flexible organisation, receptive to new ideas that will bring further improvement to our learning community.

Vision statement

To deliver high quality and distinctive educational services that reflects our community.

Vision and values

The Genesis Education Trust is the collaboration with partnership agreement between The Federated Schools of St Mary's and St Saviour's, Walthamstow with St Margaret's in Barking - forming an Independent Church Multi- Academy Trust with a desire to strengthen Church of England unity within East London by implementing the good/outstanding provision we offer.

Our schools have the shared belief that each child deserves a quality education and we are committed to improving each child's life chances by providing aspirational learning experiences. Each school wants to ensure that pupils and staff achieve their full potential: believing in excellence through distinctiveness. We have designed a curriculum that gives pupils the opportunity to look beyond themselves, ask 'big questions' and think globally about life, developing an understanding of disadvantage and deprivation. We encourage our schools to become involved with their community, providing opportunities for pupils to engage in social action and to understand how they can challenge injustice. Outstanding SIAMS reports at each of our schools show that each of the school delivers, within a Christian context, the best educational, spiritual, physical, social and emotional outcomes for children and their families.

OBJECTIVES AND ACTIVITIES (continued)

Vision and values (continued)

Our vision and its associated values develops aspiration and the **G**rowing greatness in our pupils, giving them the **E**motional resilience to cope well when things are difficult and the perseverance to overcome barriers to their own learning and to make positive choices through **T**ransformational learning. We ensure that new learning is linked to previous learning so that the important connections are made and so that knowledge becomes meaningful and memorable. In addition we ensure that children further their cultural capital through our enrichment programmes. Children are empowered by exposure to the best of arts, culture and humanities, using this as their inspiration and foundation for future growth

We actively seek opportunities through our outreach work and school improvement and in our academy leadership; we are currently supporting a number of schools across London and beyond. Our Teaching School is delivering high quality training as well as supporting other schools and providing leadership development for teachers and leaders across their network. At present much of our support will be to address the impact of lost learning by pupils due to their extended absence from school. Our MAT is now well established and our systems, vision and aims are embedded. We are secure in our effectiveness and recognise that our vision is realised through effective operational delivery. We plan effective CPD for our staff to ensure that they have expert knowledge of the subjects they teach and enable pupils to understand all key concepts

Our aim is for our pupils to be lifelong learners and as educators we are no different. Our coaching model provides a form of collaborative CPD and can thus be a strong dimension of teachers' professional learning in school. As such it needs to be managed as part of a strategic approach to CPD. We have created a model of improvement that facilitates coaching for all staff members and it is built into all aspects of CPD in our schools, ensuring that a large proportion of our CPD is strategic in essence. We recognise that effective coaching creates opportunities for trusting, open, professional relationships to be enhanced and these help to develop our ongoing cycle of school improvement. The desired outcome of the mentor / coaching model is that it leads teachers to become self directed. Staff become proficient at identifying their own needs, their ability to determine their goals and their ability to define the sources they need in order to further develop. They have the ability and experience to choose appropriate strategies and evaluate outcomes without the support of others. They take primary charge of their own development, setting clear goals for themselves and shaping their development in line with these goals, monitoring their own progress and evaluating outcomes.

At the Genesis Trust we recognise that the most important factor in any school is to make certain that everything possible has been put in place to ensure that each child succeeds. We recognise that our teacher's practice must be outstanding and have created a unique and proven approach alongside a creative curriculum that provides this. We invest heavily in teaching and learning as we are committed to giving all children the best possible chance. We support and develop our staff and are always seeking to develop the path to success for our current staff members, including the introduction of our Accelerated Leadership Programme.

STRATEGIC REPORT

Achievements and performance

Key performance indicators

Current grading

OFSTED

St Mary's C of E School – Outstanding (March 2016)

St Saviour's C of E School – Outstanding (September 2019)

St Margaret's Barking – Good (October 2019)

SIAMS

St Mary's C of E School – Outstanding (June 2016)

St Saviour's C of E School – Outstanding (May 2015)

St Margaret's Barking – Excellent (January 2020)

Data

The government announced that all the statutory testing that was due to take place in schools and colleges in England during the summer term 2020 was cancelled and that it would not be necessary for schools or colleges to publish educational performance data based on tests, assessments or exams for 2020. This was one of the steps taken to fight the spread of coronavirus (COVID-19).

We recognise that there will be significant lost learning for the period from 20 March 2020 onwards and we have put a series of specific accelerated learning plans into place to ensure that our pupils continue to reach their potential. The process through which skills are formed is dynamic – knowledge builds on knowledge, we recognise therefore that there is a need to catch up the lost learning quickly, so that the loss does not compound and lead to further educational issues.

Going concern

The Trust has reviewed and considered budgets and forecasts alongside the Academy Trust's ongoing development plan and robust measures being considered, particularly in the light of the Coronavirus pandemic.

The Trustees have a reasonable expectation based upon these measures that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

STRATEGIC REPORT (continued)

Financial review

Financial report for the year

Net expenditure across all funds for the year was £526,669 (2019 – £148,446). In addition, an actuarial gain on the defined benefit pension scheme of £23,000 (2019 – a loss of £1,006,000) was recognised. After excluding expenditure recognised in the pension fund of £301,000 (2019 – £289,000), and movements in the fixed asset fund, being capital grants of £77,952 (2019 – £667,382) depreciation of £146,216 (2019 – £148,917) and improvements made to church school buildings of £166,082 (2019 – £421,270), the operational surplus (before transfers between funds) of the trust for the year was £8,677 (2019 – a surplus of £43,359)

The results for the period are shown on page 24.

The Academy had net liabilities at 31 August 2020 of £3,150,673 (2019 – £2,647,004), including a fixed asset fund of £480,122 (2019 – £716,821) and a deficit on the pension reserve of £3,990,000 (2019 – £3,712,000). Excluding these funds, the Academy had £359,205 (2019 – £348,175) of reserves at 31 August 2020 comprised solely of unrestricted funds in at both balance sheet dates. The net liability position is therefore largely driven by pension obligations of £3,990,000. The schools which are included within the Trust have their buildings owned by the Diocese, and for this reason the asset values are not included within the accounts. This has the effect of having a reduced fixed assets, which directly impacts the total Net Asset/Liability position. With this in mind, it is appropriate the accounts are prepared on a going concern basis.

Reserves policy

Our MAT has effective financial stewardship to enable it strategically to achieve efficiencies and economies of scale. We plan ahead and put robust, consistent systems in place for our medium- and long-term efficiency and sustainability; including financial planning and budget forecasting. All this is aligned with the vision for our MAT, anticipating possible changes and planning ahead making us more resilient and well placed to mitigate any risks.

As a result of the regular monitoring and reviewing of our financial position we keep a reserve or contingency that is appropriate to all possible situations. The Trustees consider the level of reserves held to be adequate for the Trust's current needs.

Capital policy

Purpose

Academies are expected to create reserves from their annual GAG funding. During the early years of operation GAG Funding levels create little opportunity to achieve a surplus. Currently, the DfE provides minimal funding in the way of Devolved Formula Capital Grant. In addition academies are able to bid for a share of the Academies Capital Maintenance Fund.

The Board of Genesis Education Trust ("the Trust") require a capital reserve to be created to fund future capital expenditure.

STRATEGIC REPORT (continued)

Financial review (continued)

Capital policy (continued)

Scope

The Chief Operations Officer, in conjunction with the Chief Executive Officer, is responsible for ensuring compliance with GET Policies and Procedures.

Procedure

The Chief Operations Officer should propose a capital reserve schedule to the Trustees identifying the need to replace assets and the related sums required.

Purpose

The Trustees should agree the value of capital reserves to be created in a year as part of the budget approval process. Funds should be transferred to a separate bank account at such a time that is clear that to do so would not create a deficit cash flow situation.

Any separate bank account should have instant access in order to ensure any "unknown" major expenditure can be moved to the current account in order to ensure cash flow does not indicate a deficit. Spend of the capital reserve fund should only occur as agreed budgeted spend which is approved by the Trustees as part of the budget process.

Revenue policy

Purpose

Academies are expected to hold contingency reserves from their annual GAG funding or other income. The Trustees require a revenue reserve to be created to fund future expenditure related to the Trust's strategic long-term aims and developments.

Scope

The Chief Operations Officer, in conjunction with the Chief Executive Officer, is responsible for ensuring compliance with the Trust's Policies and Procedures.

Procedure

The policy of the Trust is to carry forward a prudent level of resources designed to meet the long-term cyclical needs of renewal and any other unforeseen contingencies, subject to the constraint that the level of resources does not exceed the level permitted by the DfE.

This Policy will be reviewed by the Board on a 3-yearly cycle and must be signed by the Chair of Trustees and Chief Executive Officer.

STRATEGIC REPORT (continued)

Financial review (continued)

Material investments policy

Purpose and scope

The purpose of the Investments Policy is to set out the processes by which Genesis Education Trust ("the Trust"). The Trustees will meet their duties under the Trust's Articles of Association and Academies Financial Handbook issued by the EFSA to invest monies surplus to operational requirements in furtherance of the Trust's charitable aims and to ensure that investment risk is properly and prudently managed.

Definition of duties

The Trust's Articles gives the Trustees the power "to expend the funds of the Trust in such manner as they shall consider most beneficial for the achievement of the Objects and to invest in the name of the Trust such part of the funds as they may see fit and to direct the sale or transposition of any such investments and to expend the proceeds of any such sale in furtherance of the Objects."

Whilst the Board of Trustees has responsibility for the Trust's finances, the Scheme of Delegation approved by the Board of Trustees delegates responsibility to the Finance and Resources Committee to approve the Investments Policy to manage, control and track financial exposure, and ensure value for money; to review the trust's investments and investment policy on a regular basis.

The Chief Operations Officer is responsible for producing reliable cash flow forecasts as a basis for decision making. They are responsible for making investment decisions that comply with this Policy and for providing sufficient management information to the Finance Committee so it can review and monitor investment performance.

Objectives

The investment objectives are:

- ◆ To achieve best financial return available whilst ensuring that security of deposits takes precedence over revenue maximisation.
- ◆ Only invest funds surplus to operational need based on all financial commitments being met without the Trust bank account becoming overdrawn.

By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Trust, commanding broad public support.

STRATEGIC REPORT (continued)

Financial review (continued)

Material investments policy

Investment strategy

Investment risk will be managed through asset class selection and diversification to ensure that security of deposits takes precedence over revenue maximisation.

For selection, assets will only be considered with banking institutions which have credit ratings assessed by Fitch and/ or Moody to show good credit quality.

To manage the risk of default, deposits should be spread by banking institution and be subject to a maximum exposure of £500,000 with any PRA authorised institution by the Bank of England (refer to Financial Conduct Authority (FCA)). Whilst this exceeds the protection limit of £75,000 provided by the FCA it is accepted that it is not always practicable to find a sufficient number of investments of this size that meet the prudent criteria outlined in this policy.

Spending and liquidity policy

Decisions on how much to invest and how long to invest for, will be based on operational requirements, demonstrated by cash flow forecasts produced by the Chief Operations Officer. The cash flow forecasts will take account of the annual budget and spending plans approved by the Board of Trustees and updated on a monthly basis.

A sufficient balance must be held in the current account so that the Trust's financial commitments can always be met without the bank account going overdrawn. The size of the balance will be determined by a forecast of future need and kept under review.

Investments for a fixed term should not normally exceed one year in order to provide flexibility for the following year's plans, unless a clear rationale is provided for exceeding one year to the benefit of the Trust.

Monitoring and review

The Trust has authorised signatories, two of which are required to sign instructions to the deposit taking institution.

The Chief Operations Officer will monitor the cash position and cash flow forecast and report investments held and the performance of investments against objectives to the Finance Committee at appropriate intervals, depending on the terms of the investments. For example, if investments are held one year then an annual report is appropriate.

This Investment Policy has been approved by the Finance Committee; it is reviewed by the Finance Committee on an annual basis to ensure continuing appropriateness.

STRATEGIC REPORT (continued)

Principal risks and uncertainties

The risks facing any academy trust are varied and complex and the Board of Trustees are very well aware of these risks.

The Trustees confirm that the major risks facing the Academy Trust have been identified and addressed. This has been undertaken through work of the Board of Trustees, Committees and the work of the Academy Leadership Teams.

The risk register aims to ensure that the Genesis Trust complies with risk management best practice and sets out the current processes and responsibilities for risk management in the MAT. The requirements can be summarised as:

- ◆ The Trustees acknowledge their responsibility for the system of internal control.
- ◆ An ongoing process is in place for identifying, evaluating and managing all significant risks.
- ◆ An annual process is in place for reviewing the effectiveness of the system of internal control.
- ◆ There is a system in place to deal with internal control weakness or failures.

In assessing what constitutes a sound system of internal control, consideration should be given to:

- ◆ The nature and extent of the risks facing the organisation.
- ◆ The extent and categories of risk which it regards as acceptable.
- ◆ The likelihood of the risks concerned materialising.
- ◆ The organisation's ability to reduce the incidence and impact of the risks that do materialise.

The trust will ensure there is sufficient risk management in place to ensure that it and its schools remain compliant with legal and moral requirements. Such mitigations should ensure compliance with financial, operational as well as Health and Safety regulations, including activities that ensure safe working practice. These controls will be managed through a timetabled testing/audit system.

FUNDRAISING

The Academy Trust aims to achieve best practice in the way in which it communicates with supporters. It takes care with both the tone of its communications and the accuracy of its data to minimise the pressures on supporters. It applies best practice to protect supporters' data and never sells data, it never swaps data with other organisations, and ensures that its communication preferences can be changed at any time. The Academy Trust manages its own fundraising activities and does not employ the services of Professional Fundraisers. It undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During 2019/20, the Charity received no complaints about its fundraising activities.

PLANS FOR FUTURE PERIODS

Our Teaching School is supporting a number of schools in Barking and Dagenham, Tower Hamlets, Havering and Peterborough. The focus of our outreach work is to assist schools that have been identified as vulnerable. We will deliver bespoke support packages for schools in need, which will lead to positive impact with measurable outcomes. Our skilled staff team will work alongside staff at the vulnerable schools, to develop a shared understanding of quality and to accelerate the pace of professional learning in practice. The needs at present are all related to lost learning during lockdown; our experiences team work to produce a Rapid Action Plan from which the drive is to establish quality teaching and learning and ensuring that it is under constant review.

This outreach work gives teachers within our MAT the opportunity to develop their skills and gain further professional development. In addition we want to develop a new generation of leaders via more effective opportunities that encourage career progression to headship. We want to change sector culture to promote organised leadership development and progression as a norm, raising awareness of the positive impact of school leaders. We are creating an accelerated leadership programme for two teachers starting in January 2021. The aim is to promote accelerated professional development for two of our colleagues who may join our leadership after the training or decide to use it to lead in a different setting.

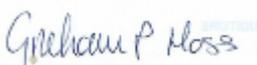
DISCLOSURE OF INFORMATION TO AUDITORS

In so far as the Trustees are aware:

- ◆ there is no relevant audit information of which the charitable company's auditor are unaware; and
- ◆ that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

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

Graham Moss
Chair of Trustees



Date: 29/11/20

Scope of responsibility

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

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

Governance

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

Trustee	Meetings attended	Out of possible
Graham Moss (Chair of the Trustees)	3	3
Rev Canon Ade Ademola (Vice Chair)	3	3
Paul Powell	3	3
Beverley Hall	3	3
Heather Boardman	3	3
Nana Banton	0	3
Lisa Collison	3	3
Hilton Osagioduwa Idahosa	1	3
Nicola King	2	3
Samir Soni	0	3

All directors and governors take part in an annual skills audit in which they identify areas of strengths and areas that need development. The trust use this information to provide training and support as well as identifying key skills required from new governors or board members. Board members are recruited from the local community, church and Academy Ambassadors to help fill areas where there are skills required.

The Finance Committee is a sub-committee of the main board of trustees. Its purpose is to:

- ◆ Draw any matters of significance or concern to the attention of the Governing Body;
- ◆ Consider and recommend acceptance or non-acceptance of the Academy Budget for approval at the start of each financial year; and
- ◆ Monitor and review expenditure on a regular basis and ensure compliance with overall financial planning and ESFA financial regulations.

Governance (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of possible
Rev Canon Ade Ademola (Chair)	3	3
Beverly Hall	3	3
Graham Moss	3	3
Lisa Collison	2	3

Review of Value for Money

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

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

We ensure that our Trust's use of resources has provided good value for money by securing the best possible outcomes for pupils, in the most efficient and effective way. Our main educational aims are to improve teaching and learning, pupil attainment, curriculum and leadership and management. All this needs to be achieved through the best value practise that ensures quality in all areas and reviews and evaluates impact.

Our MAT is also mindful of best value within every transaction we make. We explore alternative purchasing options, implementing tender processes where necessary and actively seek opportunities to procure products and services across a number of schools to create economies of scale, driving down costs and negotiating favourable rates. We review all contracts annually to ensure they remain fit for purpose. Continuing to make effective use of information about student progress for teachers to use to tailor teaching approaches and interventions, motivate students and to involve and inform parents and carers.

The Trust received the Government bulletin containing Policy Procurement Notes 02/20 and 04/20, took note of the implications arising and continued to pay suppliers in line with its normal procedures. There have been no detrimental impacts to suppliers as a result of this decision and the requirement to obtain value for money has not been affected in any way.

The purpose of the system of internal control

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

Capacity to handle risk

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

The risk and control framework

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

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- ◆ regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines.
- ◆ delegation of authority and segregation of duties;
- ◆ identification and management of risks. The board of trustees has considered the need for a specific internal audit function in the light of the newly revised FRC ethical standard and has decided to appoint Landau Baker as its new internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems. In particular the checks carried out in the current period included:

- ◆ Review of financial management;
- ◆ Review of business interests;

The risk and control framework (continued)

- ◆ Review of bank and system controls;
- ◆ Review of expenses and procurements processes and controls; and
- ◆ Review of charge card processes and controls.

On an annual basis, the auditor reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Review of effectiveness

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

- ◆ the work of the internal auditor;
- ◆ the work of the external auditors;
- ◆ the financial management and governance self-assessment process;
- ◆ the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Local Governing Body and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees and signed on their behalf, by:



Graham Moss
(Chair of Trustees)

Date: 29/11/20



Beverley Hall
(Accounting Officer)

Date: 23/11/20

Statement of regularity, propriety and compliance 31 August 2020

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

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

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



Beverley Hall
Accounting Officer

Date: 23/11/20

Statement of trustees responsibilities 31 August 2020

The Trustees (who act as trustees for the charitable activities of the Academy and are also the directors of the Academy for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued 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 Academy 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 2015 and the Academies Accounts Direction 2019 to 2020;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy 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 Academy 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 Academy 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 the ESFA/DfE have been applied for the purposes intended.

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

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



Graham Moss, Chair of the Trustees

Date: 29/11/20

Independent auditor's report to the members of Genesis Education Trust

Opinion

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

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the academy's affairs as at 31 August 2020 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP (FRS 102) and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



Hugh Swainson (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 30.11.2020

Independent reporting accountant assurance report on regularity to Genesis Education Trust and Skills Funding Agency

In accordance with the terms of our engagement letter dated 13 August 2020 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Genesis Education Trust during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Genesis Education Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Genesis Education Trust's funding agreement with the Secretary of State for Education dated 29 March 2017 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by 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.

Approach (continued)

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

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

The work undertaken to draw our conclusions includes sample testing of the following:

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

Conclusion

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



Reporting Accountant
Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Date: 30/11/2020

Statement of financial activities (including income and expenditure account)
Year to 31 August 2020

	Notes	Restricted funds			2020 Total funds £	2019 Total funds £
		Unrestricted funds £	General funds £	Fixed asset funds £		
Income from:						
Donations and capital grants	1	28,805	—	77,952	106,757	725,450
Charitable activities: funding for the trust's educational operations	2	—	7,196,025	—	7,196,025	7,195,088
Other trading activities	3	1,626,340	—	—	1,626,340	1,544,985
Investments	4	1,198	—	—	1,198	369
Total income		1,656,343	7,196,025	77,952	8,930,320	9,465,892
Expenditure on:						
Charitable activities: academy trust's educational operations	5,6	1,645,313	7,499,378	146,216	9,290,907	9,193,068
Grants	7	—	—	166,082	166,082	421,270
Total expenditure		1,645,313	7,499,378	312,298	9,456,989	9,614,338
Net expenditure	8	11,030	(303,353)	(234,346)	(526,669)	(148,446)
Transfers between funds	17	—	2,353	(2,353)	—	—
Net movement in funds before other recognised gains (losses)		11,030	(301,000)	(236,699)	(526,669)	(148,446)
Other recognised gains and losses						
Actuarial gains (losses) on defined benefit pension scheme	19	—	23,000	—	23,000	(1,006,000)
Net movement in funds		11,030	(278,000)	(236,699)	(503,669)	(1,154,446)
Reconciliation of funds						
Total fund balances brought forward at 1 September 2019 (as restated)		348,175	(3,712,000)	716,821	(2,647,004)	(1,492,558)
Total fund balances carried forward at 31 August 2020		359,205	(3,990,000)	480,122	(3,150,673)	(2,647,004)

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

All of the Academy Trust's income and expenditure during the year derived from continuing operations.

The notes on pages 33 to 50 form part of these financial statements.

Balance sheet 31 August 2020

	Notes	2020 £	2020 £	2019 (Restated) £	2019 (Restated) £
Fixed assets					
Tangible fixed assets	14		<u>480,122</u>		<u>550,739</u>
			480,122		550,739
Current assets					
Debtors	15	609,957		727,388	
Cash at bank and in hand		<u>384,476</u>		<u>519,975</u>	
		994,433		1,247,363	
Liabilities					
Creditors: amounts falling due within one year	16	<u>(635,228)</u>		<u>(733,106)</u>	
Net current assets			<u>359,205</u>		<u>514,257</u>
Total assets less current liabilities			<u>839,327</u>		<u>1,064,996</u>
Net assets excluding pension scheme liability			839,327		1,064,996
Defined benefit pension scheme liability	19		<u>(3,990,000)</u>		<u>(3,712,000)</u>
Total net liabilities			<u>(3,150,673)</u>		<u>(2,647,004)</u>
Funds of the Academy					
Restricted funds					
. Fixed assets fund	17	480,122		716,821	
. Restricted income funds	17	—		—	
. Pension reserve	17	<u>(3,990,000)</u>		<u>(3,712,000)</u>	
Total restricted funds	17		<u>(3,509,878)</u>		<u>(3,045,179)</u>
Unrestricted income funds	17		<u>359,205</u>		<u>348,175</u>
Total funds			<u>(3,150,673)</u>		<u>(2,647,004)</u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.



Graham Moss,
Chair of the Trustees

Date: 29/11/20



Beverly Hill
Accounting Officer

Date: 23/11/20

The notes on pages 33 to 50 form part of these financial statements.

Statement of cash flows Year to 31 August 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash (used in) provided by operating activities	A	(136,654)	(177,220)
Cash flows from investing activities			
	B	1,155	(34,059)
Change in cash and cash equivalents in the year		(135,499)	(211,279)
Cash and cash equivalents at the start of the year	C	519,975	731,074
Cash and cash equivalents at the end of the year	C	384,476	519,795

The notes on pages 33 to 50 form part of these financial statements

A Reconciliation of net expenditure to net cash flow used in operating activities

	2020 £	2019 £
Net expenditure for the year (as per the statement of financial activities)	(526,669)	(148,446)
Adjusted for:		
Depreciation	146,216	148,917
Capital grants from DfE and other capital income	(77,952)	—
Interest receivable	1,198	—
Defined benefit pension scheme cost less contributions payable	230,000	214,000
Defined benefit pension scheme finance cost	71,000	75,000
Decrease (increase) in debtors	117,431	(352,319)
(Decrease) increase in creditors	(97,878)	(114,372)
Net cash used in operating activities	(136,654)	(177,220)

B Cash flows from investing activities

	2020 £	2019 £
Dividends, interest and rent from investments	(1,198)	—
Purchase of tangible fixed assets	(75,599)	(34,059)
Capital grants from DfE/ESFA	77,952	—
Net cash provided by (used in) investing activities	1,155	(34,059)

C Analysis of changes in net debt

	2019 £	Cash flows £	2020 £
Cash at bank and in hand	519,975	(135,499)	384,476
Total cash and cash equivalents	519,975	(135,499)	384,476

Statement of accounting policies

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

Basis of preparation

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

Genesis Education Trust meets the definition of a public benefit entity under FRS 102.

Going concern

The Trust currently holds negative funds of £3,170,673. The net liability position is largely driven by pension obligations of £4,010,000. The schools which are included within the Trust have their buildings owned by the Diocese, and for this reason the asset values are not included within the accounts. This has the effect of having a reduced fixed assets, which directly impacts the total Net Asset/Liability position. With this in mind, it is appropriate the accounts are prepared on a going concern basis.

Furthermore, the future outlook of all schools is positive, as they are showing a balanced budget for the next 12 months, in spite of the current economic difficulties brought about by the Coronavirus pandemic.

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern.

The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy 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 when the academy has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Income (continued)

Grants

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

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

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

Donations

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

Other income

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

Expenditure

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

Expenditure (continued)

Charitable activities

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

All expenditure is inclusive of irrecoverable VAT.

Interest receivable

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

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

The land and buildings of the schools within the academy trust are owned by the Diocese and therefore have not been recognised in the financial statements of the academy.

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

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

Depreciation is provided on the following bases:

- | | |
|---------------------------|----------------------|
| ◆ Furniture and equipment | 10% straight line |
| ◆ Computer equipment | 25% straight line |
| ◆ Motor vehicles | 25% reducing balance |

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

Debtors

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

Cash at bank and in hand

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

Liabilities

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

Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. 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. 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. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

Pensions

The academy operates a defined contribution pension scheme and the pension charge represents the amounts payable by the academy to the fund in respect of the year.

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

Pensions (continued)

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

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

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

Fund accounting

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

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and areas of judgement (continued)

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in the notes to the financial statements, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

1 Income from donations and capital grants

	Unrestricted funds £	Restricted fixed assets funds £	2020 Total funds £	2019 Total funds £
Donations	28,805	—	28,805	58,068
Capital grants	—	77,952	77,952	667,382
	28,805	77,952	106,757	725,450

	Unrestricted funds £	Restricted fixed assets funds £	2019 Total funds £
Donations	58,068	—	58,068
Capital grants	—	667,382	667,382
	58,068	667,382	725,450

2 Funding for the academy trust's educational operations

	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
DfE/ESFA revenue grants			
. General Annual Grant (GAG)	5,737,340	5,737,340	5,931,122
. Other DfE/ESFA grants	1,130,776	1,130,776	1,061,339
. Teaching Schools core grant	40,000	40,000	40,000
	6,908,116	6,908,116	7,032,461
Other government grants			
. Local Authority grants	150,342	150,342	162,627
	150,342	150,342	162,627
Exceptional government funding			
Coronavirus Job Retention Scheme	70,475	70,475	—
Coronavirus exceptional support grant	67,092	67,092	—
	137,567	137,567	—
	7,196,025	7,196,025	7,195,088

2 Funding for the academy trust's educational operations (continued)

	<i>Restricted funds £'000</i>	<i>2019 Total funds £'000</i>
DfE/ESFA revenue grants		
. General Annual Grant (GAG)	5,931,122	5,931,122
. Other DFE/ESFA grants	1,061,339	1,061,339
. Teaching Schools core grant	40,000	40,000
	<u>7,032,461</u>	<u>7,032,461</u>
Other Government grants		
. Local Authority grants	162,627	162,627
	<u>162,627</u>	<u>162,627</u>
	<u>7,195,088</u>	<u>7,195,088</u>

3 Income from other trading activities

	<i>Unrestricted funds £</i>	2020 Total funds £	<i>2019 Total funds £</i>
Catering income	66,357	66,357	159,436
Music income	2,757	2,757	5,365
Trip income	33,253	33,253	57,921
Self-generated income	515,184	515,184	743,831
Lettings income	341,840	341,840	215,954
Staff consultancy	666,949	666,949	362,478
	<u>1,626,340</u>	<u>1,626,340</u>	<u>1,544,985</u>

	<i>Unrestricted funds £</i>	<i>2019 Total funds £</i>
<i>Catering income</i>	<i>159,436</i>	<i>159,436</i>
<i>Music income</i>	<i>5,365</i>	<i>5,365</i>
<i>Trip income</i>	<i>57,921</i>	<i>57,921</i>
<i>Self-generated income</i>	<i>743,831</i>	<i>743,831</i>
<i>Lettings income</i>	<i>215,954</i>	<i>215,954</i>
<i>Staff consultancy</i>	<i>362,478</i>	<i>362,478</i>
	<u><i>1,544,985</i></u>	<u><i>1,544,985</i></u>

4 Investment income

	Unrestricted funds £	2020 Total funds £	2019 Total funds £
Bank interest	1,198	1,198	369

	Unrestricted funds £	2019 Total funds £
<i>Bank interest</i>	369	369

5 Analysis of expenditure by activities

	Staff costs £	Premises	Other costs £	2020 Total funds £	2019 Total funds £
Expenditure on the academy trust's educational operations:					
. Direct costs	4,492,812	146,214	443,666	5,082,692	5,668,738
. Allocated support costs	2,888,798	578,266	907,233	4,374,297	3,945,600
	7,381,610	724,480	1,350,899	9,456,989	9,614,338

5 Analysis of expenditure by activities

	Staff costs £	Premises £	Other costs £	2019 Total funds £
<i>Expenditure on raising voluntary income:</i>				
. Direct costs	5,621,599	—	47,139	5,668,738
. Allocated support costs	2,627,462	642,333	675,805	3,945,600
	8,249,061	642,333	722,944	9,614,338

6 Expenditure on the Academy Trust's educational operations

	2020 Total funds £	2019 Total funds £
Direct costs	5,082,692	5,668,738
Support costs	4,374,297	3,945,600
	9,456,989	9,614,338

Notes to the Consolidated financial statements Year to 31 August 2020

6 Expenditure on the Academy Trust's educational operations (continued)	2020 Total funds £	2019 Total funds £
Support staff costs	2,888,798	2,126,374
Technology costs	138,466	49,678
Premises costs	578,266	642,333
Other support costs	680,275	990,263
Governance costs	88,492	136,952
Total support costs	4,374,297	3,945,600

7 Grants	2020 Total funds £	2019 Total funds £
Improvements to church school buildings	166,082	421,270
	166,082	421,270

8 Net movement in funds	2020 Total funds £	2019 Total funds £
This is stated after charging:		
Operating lease rentals	14,804	1,168
Depreciation	146,216	148,917
Auditor's remuneration		
. Statutory audit – current year	16,350	16,500
. Statutory audit – prior year	2,650	—
. Other services – current year	5,000	7,000
. Other services – prior year	7,960	—

9 Comparative information

Analysis of income and expenditure in the year ended 31 August 2019 between restricted and unrestricted funds:

	Unrestricted funds (Restated) £	Restricted funds (Restated) £	Restricted fixed asset funds (Restated) £	2019 Total funds £
Income from:				
Donations and capital grants	58,068	—	667,382	725,450
Charitable activities	—	7,195,088	—	7,195,088
Other trading activities	1,544,985	—	—	1,544,985
Investments	369	—	—	369
Total income	1,603,422	7,195,088	667,382	9,465,892
Expenditure on:				
Charitable activities	153,611	8,890,540	148,917	9,193,068
Grants	—	—	421,270	421,270
Total expenditure	153,611	8,890,540	570,187	9,614,338
Net income / (expenditure)	1,449,811	(1,695,452)	97,195	(148,446)
Transfers between funds	(1,320,507)	1,366,478	(45,971)	—
Net movement in funds before other recognised gains/(losses)	129,304	(328,974)	51,224	(148,446)
Other recognised gains and losses				
Actuarial gains/(losses) on defined benefit pension scheme	—	(1,006,000)	—	(1,006,000)
Net movement in funds	129,304	(1,334,974)	51,224	(1,154,446)
Reconciliation of funds				
Total fund balances brought forward at 1 September 2018	218,871	(2,377,026)	665,597	(1,492,558)
Total fund balances carried forward at 31 August 2019	348,175	(3,712,000)	716,821	(2,647,004)

10 Staff

(a) Staff costs

Staff costs during the year were:

	2020 Total funds £	2019 Total funds £
Wages and salaries	5,371,551	5,318,709
Social security costs	471,816	450,004
Pension costs	1,328,611	1,108,457
	7,171,978	6,877,170
Agency costs	197,457	171,891
Staff restructuring costs	12,175	—
	7,381,610	7,049,061

(b) Staff severance payments

Included in staff restructuring costs are two non-statutory/non-contractual severance payments totalling £12,175 (2019 – no severance payments). Individually the payments were for £9,000 and £3,175 (2019 – £nil).

(c) Staff numbers

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

	2020 No.	2019 No.
Teachers	87	92
Administration and support	112	120
Management	8	8
	207	220

(d) Higher paid staff

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

	2020 No.	2019 No.
£60,001 – £70,000	6	7
£70,001 – £80,000	1	1
£80,001 – £90,000	1	—
£120,001 – £130,000	—	1
£140,001 – £150,000	1	—

(e) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including pension contributions) received by key management personnel for their services to the academy trust was £736,769 (2019 – £626,893).

11 Central services

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

- ◆ Central audit services
- ◆ Finance
- ◆ HR and governance
- ◆ IT services

The academy charges for these services on the following basis: the Genesis Education Trust core services make sure that each school is concentrating on children first, setting the standards and is capacity rich. As the Trust grows it will recruit experienced personnel to key positions for example, School Improvement, HR and Estate Management.

The charge for each school is a 5% contribution, which is applied to the General Annual Grant excluding SEN funding, PFI funding, and Pupil Premium.

	2020 £	2019 £
St Mary's academy	127,609	124,688
St Saviour's academy	82,434	77,608
St Margaret's academy	96,635	94,577
	306,678	296,873

12 Trustees' remuneration and expenses

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

	2020 £	2019 £
Beverley Hall, (Chief Executive Officer)		
. Remuneration	145,000 – 150,000	120,000-125,000
. Employer's pension contributions	30,000 – 35,000	15,000-20,000

During the year ended 31 August 2020, expenses totalling £37 were reimbursed or paid directly to one Trustee (2019 – £139 to one Trustee).

13 Trustees' and Officers' insurance

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

14 Tangible fixed assets

	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total funds £
Cost or valuation				
At 1 September 2019	718,557	219,523	35,000	973,080
Additions	18,220	57,379	—	75,599
At 31 August 2020	736,777	276,902	35,000	1,048,679
Depreciation				
At 1 September 2019	243,052	161,925	17,364	422,341
Charge in year	98,864	42,943	4,409	146,216
At 31 August 2020	341,916	204,868	21,773	568,557
Net book value				
At 31 August 2020	394,861	72,034	13,227	480,122
At 31 August 2019	475,505	57,598	17,636	550,739

The land and buildings of the schools within the academy trust are owned by the Diocese and therefore have not been recognised in the financial statements of the academy.

15 Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	243,199	137,979
VAT recoverable	48,865	—
Other debtors	1,014	120,616
Prepayments and accrued income	316,879	468,793
	609,957	727,388

16 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	95,463	123,079
Other taxation and social security	144,182	126,188
Other creditors	103,523	12,336
Accruals and deferred income	292,060	471,503
	635,228	733,106
Deferred income		
Deferred Income at 1 September 2019	151,505	216,819
Amounts released from previous periods	(151,505)	(216,819)
Resources deferred in the year	144,485	151,505
	144,485	151,505

At the balance sheet date the academy was holding funds received in advance for UIFSM income.

17 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general fund					
General Annual Grant (GAG)	—	5,737,340	(5,739,693)	2,353	—
Other DfE/ESFA grants	—	1,030,697	(1,030,697)	—	—
Teaching Schools core grant	—	40,000	(40,000)	—	—
Pupil premium	—	237,646	(237,646)	—	—
Local authority grants	—	150,342	(150,342)	—	—
Pension reserve	(3,712,000)	—	(301,000)	23,000	(3,990,000)
	<u>(3,712,000)</u>	<u>7,196,025</u>	<u>(7,499,378)</u>	<u>25,353</u>	<u>(3,990,000)</u>
Restricted fixed asset funds					
Fixed assets transferred on conversion	417,105	—	(111,818)	—	305,287
DfE/ESFA capital grants	166,082	77,952	(191,085)	67,297	120,246
Capital expenditure from GAG	133,634	—	(9,395)	(69,650)	54,589
	<u>716,821</u>	<u>77,952</u>	<u>(312,298)</u>	<u>(2,353)</u>	<u>480,122</u>
Total restricted funds	<u>(2,995,179)</u>	<u>7,273,977</u>	<u>(7,811,676)</u>	<u>23,000</u>	<u>(3,509,878)</u>
Unrestricted funds					
. General funds	348,175	1,656,343	(1,645,313)	—	359,205
Total funds	<u>(2,647,004)</u>	<u>8,930,320</u>	<u>(9,456,989)</u>	<u>23,000</u>	<u>(3,150,673)</u>

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

Restricted general funds

General Annual Grant (GAG) grant fund – Funds received from the ESFA under the General Annual Grant arrangements for the recurrent expenditure of the school as defined in the Funding Agreement. The Academy Trust is not subject to any GAG carry forward limits.

Other DfE/ ESFA grants – Other government grants received for restricted educational purposes not forming part of General Annual Grant.

Pupil Premium – Funds received from the ESFA under the Pupil Premium grant arrangements for the recurrent expenditure of the school as defined in the Funding Agreement.

Local authority grants – Grants received from the local authority received for restricted educational purposes.

Pension reserve – The pension reserve recognises the deficit of the local government pension scheme.

17 Funds (continued)

Restricted fixed asset funds

Fixed assets transferred on conversion

This fund represents the net book value of the Schools' assets transferred from the Local Authority on conversion to academy trust status.

DfE/ ESFA capital grants

This fund represents resources which are to be applied for specific capital purposes imposed by the Department for Education or Education and Skills Funding Agency.

Capital expenditure from GAG

This fund represents the net book value of tangible fixed assets purchased using the General Annual Grant.

Transfers between funds

The transfer from the restricted fixed asset fund to the restricted general fund relates to the use of capital grant income for property repairs which have been treated as revenue expenditure. This expenditure is in line with the terms of the grant agreement.

Total funds analysis by academy	2020 £	2019 (Restated) £
Fund balances at 31 August 2020 were allocated as follows:		
St Mary's Academy	76,836	73,298
St Saviour's Academy	17,180	13,303
St Margaret's Academy	183,606	180,669
Genesis Education Trust	81,583	80,905
Total before fixed asset funds and pension reserve	359,205	348,175
Restricted fixed asset fund	480,122	716,821
Pension reserve	(3,990,000)	(3,712,000)
	(3,150,673)	(2,647,004)

	Teaching and education support costs £	Other support costs £	Educational supplies £	Other costs excluding depreciation £	2020 Total funds £	2019 Total funds £
St Mary's Academy	1,910,249	1,228,972	221,315	411,154	3,771,690	4,002,617
St Saviour's Academy	1,101,302	922,468	115,184	446,854	2,585,808	2,615,677
St Margaret's Academy*	1,274,448	693,994	115,952	449,894	2,534,288	2,774,843
Genesis Education Trust	—	—	2,507	115,480	117,987	72,284
Academy	4,285,999	2,845,434	454,958	1,423,382	9,009,773	9,465,421

*Including improvements to Church buildings of £166,082 (2019 – £421,270).

Notes to the Consolidated financial statements Year to 31 August 2020

17 Funds (continued)

	Teaching and education support costs £	Other support costs £	Educational supplies £	Other costs excluding depreciation £	2019 Total funds £
St Mary's Academy	2,555,710	631,566	167,345	647,996	4,002,617
St Saviour's Academy	1,598,932	421,953	103,221	491,571	2,615,677
St Margaret's Academy	1,615,957	299,944	79,196	779,746	2,774,843
Genesis Education Trust	—	—	2,978	69,306	72,284
Academy	5,770,599	1,353,463	352,740	1,988,619	9,465,421

Comparative information

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

	Balance at 1 September 2018 £	Income £	Expenditure (Restated) £	Transfers in/out (Restated) £	Gains and losses £	Balance at 31 August 2019 (Restated) £
Restricted general fund						
General Annual Grant (GAG)	—	5,931,122	(7,297,600)	1,366,478	—	—
Other DFE/ESFA grants	—	825,882	(825,882)	—	—	—
Pupil premium	—	275,457	(275,457)	—	—	—
Local authority grants	—	162,627	(162,627)	—	—	—
St Margaret's Property Fund	30,974	—	(30,974)	—	—	—
Fence donation	9,000	—	(9,000)	—	—	—
Pension reserve	(2,417,000)	—	(289,000)	—	(1,006,000)	(3,712,000)
	(2,377,026)	7,195,088	(8,890,540)	1,366,478	(1,006,000)	(3,712,000)
Restricted fixed asset funds						
Fixed assets transferred on conversion	545,251	—	(128,146)	—	—	417,105
Capital expenditure	120,346	667,382	(442,041)	(45,971)	—	299,716
	665,597	667,382	(570,187)	(45,971)	—	716,821
Total restricted funds	(1,711,429)	7,862,470	(9,460,727)	1,320,507	(1,006,000)	(2,995,179)
Unrestricted funds						
General funds	218,871	1,603,422	(153,611)	(1,320,507)	—	348,175
Total funds	(1,492,558)	9,465,892	(9,614,338)	—	(1,006,000)	(2,647,004)

18 Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted funds £	Restricted General Funds £	Restricted Fixed Asset Fund £	Total 2020 £	Total 2019 £
Tangible fixed assets	—	—	480,122	480,122	550,739
Current assets	359,205	635,228	—	994,433	1,247,363
Creditors due within one year	—	(635,228)	—	(635,228)	(733,106)
Pension scheme liability	—	(3,990,000)	—	(3,990,000)	(3,712,000)
Total net assets	359,205	(3,990,000)	480,122	(3,150,673)	(2,647,004)

	Unrestricted funds (Restated) £	Restricted General Funds £	Restricted Fixed Asset Fund (Restated) £	Total 2019 (Restated) £
Tangible fixed assets	—	—	550,739	550,739
Current assets	1,081,281	—	166,082	1,247,363
Creditors due within one year	(733,106)	—	—	(733,106)
Pension scheme liability	—	(3,712,000)	—	(3,712,000)
Total net assets	348,175	(3,712,000)	716,821	(2,647,004)

19 Pension commitments

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme for 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 Waltham Forest and London Borough of Barking. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £102,504 were payable to the schemes at 31 August 2020 (2019 – £nil) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for 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.

19 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £625,804 (2019 – £460,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pension Scheme 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.

19 Pension commitments (continued)

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee- administered funds. The total contribution made for the year ended 31 August 2020 was £500,000 (2019 – £563,000), of which employer's contributions totalled £409,000 (2019 - £460,000) and employees' contributions totalled £91,000 (2019 – £103,000). The agreed contribution rates for future years are 11.3-23.8% for employers and 5.5-12.5% for employees.

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

Principal Actuarial Assumptions	At 31 August 2020	At 31 August 2019
Rate of increase in salaries	3.6%	3.3%
Rate of increase for pensions in payment / inflation	2.4%	2.2%
Discount rate for scheme liabilities	1.7%	1.8%
Inflation assumption (CPI)	2.4%	2.2%

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

	At 31 August 2020	At 31 August 2019
<i>Retiring today</i>		
Males	22.2	22.0
Females	24.5	24.9
<i>Retiring in 20 years</i>		
Males	23.6	23.4
Females	26.2	26.9

Sensitivity analysis

The below information has been provided from the Actuary reports. However, St Mary's and St Saviour's were prepared by a different firm to St Margaret's which has resulted in the information being shown slightly different below.

St Mary's

If the discount rate increases by 0.1% the approximate deficit would be £1,965,000 (2019 – £1,876,000).

If the increase in life expectancy increases by 1 year the approximate deficit would be £2,112,000 (2019 – £1,982,000).

If pay growth were to increase by 0.1% the approximate deficit would be £2,087,000 (2019 – £1,948,000).

19 Pension commitments (continued)

Sensitivity analysis (continued)

St Saviour's

If the discount rate increases by 0.1% the approximate deficit would be £1,204,000 (2019 – £988,000).

If the increase in life expectancy increases by 1 year the approximate deficit would be £1,283,000 (2019 – £1,014,000).

If pay growth were to increase by 0.1% the approximate deficit would be £1,268,000 (2019 – £991,000).

St Margaret's

If there was a 0.1% (2019 – 0.5% decrease in the real discount rate the approximate monetary movement would be a £46,000 (2019 – £246,000) increase in the defined benefit obligation.

If there was a 0.5% increase in the salary increase rate the approximate monetary movement would be a £4,000 (2019 – £19,000) increase in the defined benefit obligation.

If there was a 0.5% increase in the pension increase rate the approximate monetary movement would be a £42,000 (2019 – £209,000) increase in the defined benefit obligation.

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

	Fair value at 31 August 2020 £	Fair value at 31 August 2019 £
Equities	1,994,000	1,616,000
Gifts	167,000	200,000
Property	196,000	99,000
Cash and other liquid assets	53,000	77,000
Other	347,000	109,000
Total market value of assets	2,757,000	2,101,000

The actual return on scheme assets was £220,000 (2019 – £32,000).

Amounts recognised in statement of financial activities	2020 £	2019 £
Current service cost	(609,000)	(555,000)
Past service cost	(30,000)	(119,000)
Net interest cost	(63,000)	(63,000)
Administrative expenses	8,000	12,000
Total amount recognised in the SOFA	(694,000)	(725,000)

19 Pension commitments (continued)

Sensitivity analysis (continued)

Changes in the present value of defined benefit obligations were as follows:	2020 £	2019 £
At 1 September 2019	5,813,000	3,886,000
Current service cost	609,000	555,000
Interest cost	104,000	112,000
Employee contributions	91,000	103,000
Actuarial losses	217,000	1,038,000
Benefits paid	(97,000)	—
Past service cost	30,000	119,000
At 31 August 2020	6,767,000	5,813,000

Changes in the fair value of the Academy's share of scheme assets:	2020 £	2019 £
At 1 September 2019	2,101,000	1,469,000
Interest income	41,000	49,000
Actuarial gain	220,000	32,000
Employer contributions	409,000	460,000
Employee contributions	91,000	103,000
Benefits paid	(97,000)	—
Administrative expenses	(8,000)	(12,000)
Expected return on assets	20,000	—
At 31 August 2020	2,777,000	2,101,000

20 Operating lease commitments

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

	2020 £	2019 £
No later than 1 year	50,959	536
Later than 1 year and not later than 5 years	93,350	632
	144,309	1,168

21 Members' liability

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

22 Related party transactions

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees and the Senior Management Team have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures.

22 Related party transactions (continued)

During the year the academy received rent of £303,231 (2019 – £207,672) and staff secondment income of £577,804 (2019 – £337,836) from Little Learners Nursery Group, of which Elaine McDonald-James is a director. An additional £20,499 (2019 – £nil) was paid to Little Learners Nursery Group for support services rendered.

At year end, £154,781 was due from Little Learners Nursery Group (2019 – £76,816 due to Little Learners Nursery Group).

The Trust conducted the above related party transactions in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with their financial regulations and procurement procedures. Where, for goods or services exceeding £2,500 cumulatively in the year, the element above £2,500 has been provided at no more than cost.

23 Teaching school trading account

	2020 £	2020 £	2019 £	2019 £
Income				
NCTL Income	—		5,600	
Government grants income	<u>40,000</u>		<u>145,600</u>	
Total direct income	40,000		151,200	
Total income		40,000		151,200
Expenditure				
Direct staff costs	<u>40,000</u>		<u>151,200</u>	
Total direct expenditure	40,000		151,200	
Total expenditure		40,000		151,200
Surplus from all sources		—		—
Teaching School balances at 31 August 2020		<u>—</u>		<u>—</u>

24 Prior period adjustment

In the financial statements for the year ending 31 August 2019, a transfer from the restricted fixed asset fund to the unrestricted general fund and restricted General Annual Grant fund amounting to £633,323 was made. Included within this amount was unspent Condition Improvement Funding amounting to £166,082. This latter amount should have remained within the restricted fixed asset fund as it was restricted for capital works to the roofing and fire alarm system at St Margaret's Primary School. As such, a prior year adjustment has been made to retain this amount within the restricted fixed asset fund as at 31 August 2019.

Notes to the Consolidated financial statements Year to 31 August 2020

This adjustment had no impact on the total fund balances brought forward as at 1 September 2019 or the net movement in funds reported for the year ended 31 August 2019.