

The Cedars Academy Trust

(A Company Limited by Guarantee)

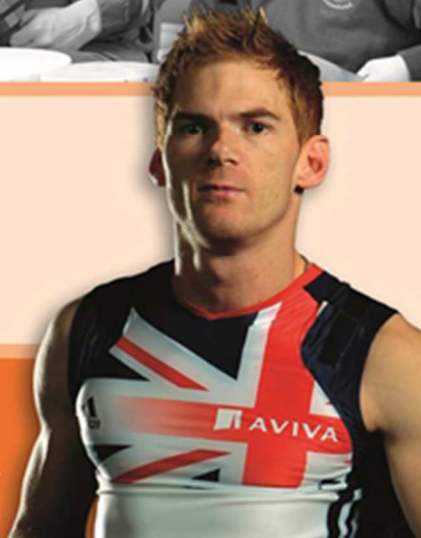
Annual Report and Financial Statements

Year ended
31 August 2020



Patron of Cedars Academy Trust

Paralympic Gold Medalist
Stephen Miller BSc(Hon), HON.DCL



Company Registration No:
08168042 (England and Wales)

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Trustees

Mrs G Morton (Chair)
Mr G Neale (Vice Chair)
Ms M Hall
Mrs J Vincent
Mrs P Finn
Mr P Hills
Mrs N Kelly
Ms R Lane
Mr J MacCabe
J Cairns (appointed 4th November 2019)
Mr M Flowers (Accounting Officer)
Mrs M O'Reilly
Mr A Elders (resigned 14th September 2019)
Mrs S Guy (resigned 4th November 2019)
Mrs T Higgins (resigned 14th September 2019)
Mr S Kay (resigned 14th September 2019)

Members

Mr G Neale
Mrs J Vincent
Mrs M O'Reilly

Senior Leadership Team

Principal
Assistant Principal
Assistant Principal
Assistant Principal
Assistant Principal
Assistant Principal
Assistant Principal and Chief Financial Officer

Mr M Flowers
Mrs J Carr
Mr D Hearne
Mrs M O'Reilly
Mrs E Neale
Mr K Vincent
Mrs J Vincent

Company Name

The Cedars Academy Trust

Company Registration Number

08168042 (England and Wales)

Principal and Registered Office

Ivy Lane
Low Fell
Gateshead
Tyne & Wear
NE9 6QD

Independent Auditor

Clive Owen LLP
140 Coniscliffe Road
Darlington
Co Durham
DL3 7RT

Bankers

Lloyds Bank
5th Floor 102 Grey Street
Newcastle upon Tyne
NE1 6AG

Solicitors

Jackson Law
Innovation House
Yarm Road
Stockton on Tees
TS18 3TN

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

The academy trust operates an academy for pupils aged 3 to 19 years with physical, sensory and medical needs, speech, language and communication disorders, autism, and a wide range of other complex needs often associated with emotional vulnerability. As a special school we serve the borough of Gateshead with a few out of borough places.

Structure, Governance and Management

Constitution

The Academy Trust was incorporated on 3 August 2012 and is a company limited by guarantee and an exempt charity, 8168042. The company commenced operation as an Academy on 1 September 2012. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust. The articles of association require the members of the Charitable Company to be responsible for the statutory and constitutional affairs of the charitable company and management of the Academy.

The governors act as trustees for the charitable activities of Cedars Academy and are also known as the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as The Cedars Academy Trust.

Details of the trustees who served throughout the period between 1 September 2019 and 31 August 2020, except as noted, are included in the Reference and Administrative Details on Page 2.

Members' liability

Every member of the Academy Trust undertakes to contribute such amount as may be required (not exceeding £10) to the Academy Trust's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the Academy Trust's debts and liabilities before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves.

Trustees' indemnities

Subject to the provisions of the Companies Act 2006 every Trustee or other officer or auditor of the Academy Trust shall be indemnified out of the assets of the Special Academy Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

Method of recruitment and appointment or election of trustees

Membership is determined in accordance with the composition set out in the memorandum and articles. This states that the Academy Trust composition is comprised as follows:

The number of trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Subject to Articles 48-49 and 64, the Academy Trust shall have the following trustees:

- Up to 10 Trustees, appointed under Article 50;
- Any Staff Trustees, if appointed under Article 50A;
- Up to 1 LA Governor if appointed under Article 51
- a minimum of 2 Parent Trustees appointed under Articles 53-58;
- the Headteacher;
- up to 3 Co-opted Trustees if appointed under Article 59
- any Additional Trustees, if appointed under Article 62, 62A or 68A;
- any Further Trustees, if appointed under Article 63 or Article 68A
- The Special Academy Trust may also have any Co-opted Governor appointed under Article 59.

Future Trustees shall be appointed or elected, as the case may be, under these Articles. Where it is not possible for such a Governor to be appointed or elected due to the fact that an Academy has not yet been established or the Headteacher has not been appointed, then the relevant Article or part thereof shall not apply.

Appointment of Governors

- The Members may appoint up to 10 Governors.
- The Members may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Headteacher) who are employees of the Special Academy Trust does not exceed one third of the total number of Governors.
- The Headteacher shall be treated for all purposes as being an ex officio Governor.
- Subject to Article 57, the Parent Governors shall be elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected.

Co-opted Governors

The Trustees may appoint up to 3 Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed. The Trustees may not co-opt an employee of the Special Academy Trust as a Co-opted Governor if thereby the number of Trustees who are employees of the Academy Trust would exceed one third of the total number of Trustees (including the Headteacher).

The term of office for any Governor shall be 4 years, save that this time limit shall not apply to the Headteacher. Subject to remaining eligible to be a particular type of Governor, any governor may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of trustees

Induction and training is arranged through a service level agreement with Gateshead Council’s clerking service.

Organisational Structure

The Academy’s unified management structure consists of the Trustees and the Senior Leadership Group [SLG], defined within three main sub committees; Curriculum and Pupils, Finance & Staffing and Business & Partnership Development Group.

The trustees are responsible for determining general policy, adopting an annual School Improvement Plan following a self-evaluation review, monitoring the practices and procedures adopted by the Special Academy, determining strategic direction of the Academy, capital expenditure and senior staff appointments.

The SLG consists of the Headteacher, Assistant Head Teacher (AHT) Teaching & Learning KS1&2, AHT Teaching & Learning KS3&4, AHT Quality of Education, AHT Post 16/Business Partnership and Development Manager (BPDM), AHT Access to Learning (x2 PT posts).

The SLG controls the Academy at an executive level, implementing the policies laid down by the trustees and reporting back to them. The SLG and trustees are responsible for the agreement of spending with agreed budgets and appointment of staff as stated in the finance handbook.

The Academy (BPDM) is responsible for the management of the financial systems and ensuring efficient and effective use of resources. The Head Teacher and BPDM are responsible for the authorisation of spending up to agreed limits as stated in the Financial Handbook. The Academy Staffing and Facilities Manager is responsible for the efficient operation of the school office.

The Headteacher is the Accounting Officer.

Arrangements for setting pay and remuneration of key management personnel

The Governing Body will determine those posts that have substantial strategic responsibilities for school leadership. These will comprise the Senior Leadership Group and include the Head Teacher, Assistant Head Teacher(s) and School Improvement Teacher (SIT) Leads (Teaching and Learning Responsibilities (TLR) holders, Middle Management).

The Finance and Staffing Committee will establish, and recommend to the whole Governing Body for approval, the appropriate pay ranges for members of their Senior Leadership Group. The pay award must be in line with the Academy’s Pay and Conditions document.

Trade union facility time

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations.

The Cedars Academy Trust does not have any information detailed in Schedule 2 of the Regulations to disclose.

Related parties and other connected charities and organisations

Trustees have declared business interests to date and where trustees have declared an interest, procedures are in place to address this. The school have adopted a policy that if there are any interests declared the Trustee would remove themselves from the decision-making process.

Cedars Academy has a number of relationships with related parties and any other charities/ companies/ organisations with which it cooperates in the pursuit of shared charitable activities; representatives of these partners sit on our Governing Body.

These core partners play a significant role in governance and in meeting our wider aims:

- Gateshead Autism Group (GAG): provides enhanced information, advice, guidance and advocacy to parents/carers and other professionals/organisations working with young people and adults with autism;
- Be inspired to....: provides access to a variety of vocational and personal development opportunities, work placements, training & FE pathways, advocacy arrangements, life skills improvement, support and social networks;
- WinG (Wayout in Gateshead) provides CPD, leadership training and accreditation opportunities, leadership and employment pathways and access to a wide range of challenging activities and experiences. Learning outside the classroom can take place in many locations, from the school grounds to Hadrian’s Wall, to the highlands of Scotland, or further to the ski slopes of the Alps.

Objectives and Activities

Strategies and Aims

The principal objective and activity of the charitable company is the operation of Cedars Academy Trust to provide education for pupils aged 3 to 19 years with physical, sensory and medical needs, speech, language and communication disorders, autism, and a wide range of other complex needs often associated with emotional vulnerability. As a special school we serve the borough of Gateshead with a few out of borough places.

In accordance with the articles of association the charitable company has adopted a ‘Scheme of Government’ approved by the Secretary of State for Education. The Scheme of Government specified, amongst other things, the basis for admitting students to the Academy Trust, the catchment area from which the students are drawn, Gateshead, and that the curriculums should comply with the substance of the national curriculum with emphasis on developing skills, knowledge and resilience necessary in adulthood: to create a school that inspires and nurtures creativity and communication and where pupils and staff feel safe and are comfortable within themselves and with each other: and to help develop young people who are confident in and inquisitive of the world around them, who are physically active people, making healthy choices who are confident in a range of environments, who are well prepared for adulthood

Objects and Aims

Our aim is to provide a caring but challenging environment where adults and children feel valued and secure and to provide an education which promotes the growth and development of each individual in our care. Ours is a community of learning, where secure partnerships create opportunities for students, staff, governors, parents and carers alike to participate and grow to become intellectually, emotionally and socially ‘fit for life’.

In setting our objectives and planning our activities the Governors have given careful consideration to the Charity Commission's general guidance and public benefit. The pupils who attend live in and around the borough, with some out of borough pupils also attending.

The Academy provides education for pupils of different abilities, with additional (special educational) needs. The Academy has a curriculum satisfying the requirements of section 78 of EA 2002 (balanced and broad curriculum). The Academy will be at the heart of the community, promoting community cohesion and sharing facilities with other schools and the wider community

The Academy offers all pupils a broad and balanced curriculum. Our curriculum is highly individualised, responsive and rich; it is focused on the promotion of communication, emotional development, resilience, and the development of personal and social skills. We place a significant emphasis on enrichment and activity, its positive impact on developing independence, cognitive functioning, emotional literacy, physical & mental health and self-esteem. As students’ progress through school the focus is on preparation for an extensive range of accredited routes and transition into a range of routes into FE, training or employment as students’ progress through school the focus is on preparation for adulthood via a range of individual learning programmes, accredited routes and transition into a range of routes into FE, training or employment.

The main objectives of the academy trust during the year ended 31 August 2020 are as summarised below:

1. to improve the Quality of Education received by all our young people
2. to improve Access to Learning for all our young people
3. to improve our Leadership and Management capabilities across the Academy
4. to improve and develop the accommodation on offer at both sites

Objectives, Strategies and Activities

The academy trust’s main objectives are encompassed in its mission statement: Ours is a community of learning, where secure partnerships create opportunities for students, staff, governors, parents and carers alike to participate and grow to become intellectually, emotionally and socially ‘fit for life’.

To this end the objectives and the strategies and activities undertaken to achieve these objectives are all intended to provide the highest quality of education and include:

- 1.1** to develop staff skills, knowledge and confidence in a range of communication and language acquisition strategies and that these are at the core of all curriculum delivery
- 1.2** a school that inspires and nurtures creativity
- 1.3** young people who are confident in and inquisitive of the world around them
- 1.4** students and staff who feel safe and are comfortable within themselves and with each other
- 1.5** physically active people, making healthy choices who are confident in a range of environments
- 1.6** young people who are well prepared for adulthood
- 1.7** to offer a wider range of therapeutic intervention programmes as part of a wide, holistic curriculum
- 1.8** to strengthen parent engagement, our understanding of, and response to, family needs
- 1.9** to further develop our leadership roles, subject knowledge and pedagogical practice
- 1.10** to build sustainability and succession planning through personalised pathways, coaching, mentoring and joint professional development
- 1.11** to refine our financial processes, business structure and model and develop our accommodation across both sites

Public benefit

The academy trust’s aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Directors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Directors have considered this guidance in deciding what activities the academy trust should undertake. The Academy Trust Governors confirm they have complied with their duty to have due regard to the guidance on public benefit as published by the Charity Commission in exercising its powers and duties

Strategic Report

Achievements and Performance

During the year, we have:

- 1.1** Linked closely with speech and language therapists (SaLT) team and train communication champions for each class Established Communication resource centre/SaLT room.
Developed a CPD programme for symbols, Makaton, Talk Boost, PECs, Attention Autism and vocabulary development
Implement a range of specialist reading and communication interventions and resources across all Key Stages: TACPAC ; Attention Autism; Talk Boost; Block Therapy; SaLT work ;PECs/symbols/Makaton etc., Lexia; Accelerated Reader; School Library.
- 1.2** Created an accessible and inclusive reading ethos throughout school, to include a new library and to develop a blended reading programme and a culture of reading for pleasure using high quality texts.

Inspired confidence & independence via a range of initiatives: Arts Award/Arts Mark; Arts Appreciation/Educational Trips; Entrepreneurial Endeavours; Be Inspired to...; PFA with in the Arts; CRU; Cedars TV Channel & Film Festival and IMPACT week
Developed our therapeutic approaches to include Arts for Art sake, Art Therapy & Mindfulness activities within the creative curriculum.

Further developed inside and outside Learning spaces to support physical and sensory development Personal and Social Development.

1.3 Promoted whole-staff confidence and competence in delivering and supporting our developing curricula: Identifying staff CPD needs/opportunities: Access to internal and external subject 'experts': Staff 'buddy' systems: Resource development for staff i.e. staff library, online resource access, strand workboxes: Linking with relevant organisations, i.e. CLEAPSS, ASE, White Rose: Exploring cross-SIT working and other SIT team links, i.e. Student Voice.

Advocated the work within the different curriculum areas to our wider school community: Development of Cedars STEM Group: Development of themed weeks/projects, i.e. STEM Week: Links with local employers: Visits/talks with linked job roles : Parent/student workshops/showcases: Quality mark accreditation, i.e. Primary Science.

1.4 Revised our PSHE curriculum in line with new 2020 statutory guidance.

Developed and improved the current SMSC Gridmaker and implement throughout school.

Piloted & implemented 'The Peers Curriculum' Social skills Intervention.

1.5 Adopt whole-school thinking around Emotional Health and Wellbeing (EHWB).

Pilot Social Wellbeing, Emotional Resilience and Learning (SWERL) within our setting.

Pilot & implement 'The Zones of Regulation' across the school.

Revisit the WAS audit and develop a clear; Mental Health and Wellbeing Policy, Guidelines and Pathway for all pupils and staff.

Develop a range of Targeted Physical Activity Interventions in school: Liaise with Class Teachers, OT's, Physio's; Create a physical workout/sensory regulation ideas sheet that can be classroom based.

1.6 Developed whole school knowledge of CEIAG: to ensure Careers strategy meets statutory requirements: to develop Careers resources: Map Careers to MTP (across Key stages 1-5): Link careers to MTP Cross-curricular: Develop careers section of website: Gatsby knowledge of Benchmarks: Develop whole school approach to CEIAG: Develop vocational placements; work skills curriculum; careers assemblies/workshops for KS4/5: Embedded clear Careers and Enterprise; Policy, Guidance, Practice and toolkit: Develop vocational placements; work skills curriculum; careers assemblies/workshops for KS4/5.

Improved community voice: Continue to develop links with partners, e.g. oral health: Re-introduce courses (accredited and non-accredited) to the community: Achieve RRSA Gold Award; Develop a cross-moderation of Autism provision; Maintain awareness of our own wider community, including Be inspired to... and Kestrels.

1.7 Teaching Teams have worked with Access to Learning (AtL) to identify individuals for therapeutic intervention.

AtL identified staff (or external agency) for intervention delivery and training.

Provided accommodation/resources for interventions to be delivered.

1.8 Offered a range of useful family focused partnership courses: Parent Council to put on their agenda.

Planned for a series of specialist focus opportunities where pupils, staff and families can engage in shared learning opportunities and support structures.

1.9 Distributed subject leader and TLR responsibilities so that each curriculum area is closely reviewed and developed: TLR leads subject audit and monitor T&L to inform CPD /research plan for each area.

Reviewed whole school approaches to teaching and learning across each center and ensure they are matched to learning need.

Further refined Assessment and Moderation and incorporate electronic processes to support robust monitoring of outcomes for pupils Performance and Impact against Priorities .

Piloted the use of Lesson Study as a whole school action research methodology to promote an increasing sophistication to teachers' enquiry questions.

1.10 Extend the use of solution circles and formulation meetings to all staff and use these to develop case studies and best practice models.

Lead staff involved in: curriculum audits/feedback from key staff; mapping between years/key stages; robust programme of linked trips/excursions; resource audit/development; partnerships with other schools of similar cohorts; vocabulary development strategies.

Establish expert staff to act as curriculum leads and act as agents of change working with staff; to be able to articulate the learning culture as well as articulate how to adapt teaching and learning strategies to support pupils with increased complexity.

1.11 Development/re-launch of Cedars Charitable Trust (CCT) based on a clear, shared vision for what is to be achieved and attract sponsorship from external business/partners to support us to achieve the vision.

Development of the marketing strategy that clearly supports the strategic vision of the CCT.

To continue to develop our accommodation on both sites: to provide quality additional accommodation to accommodate our growing population and increased scope of provision: to include (community) Physical Development & Wellness Centre and additional and improved counselling, breakout, therapy and intervention spaces.

1.12 When the national lockdown was imposed by the UK Government in March 2020, Cedars Academy closed in line with national guidance to all students except the most vulnerable and those of key workers. Most learning was carried out remotely and regular contact with children and their families was maintained. Cedars Academy provided supermarket vouchers to children in receipt of Free School Meals throughout the pandemic, choosing not to participate in the Government vouchers scheme but rather to be more flexible to meet the needs of our most disadvantaged families. Our staffing levels fluctuated in line with requirements to isolate and to meet the support needs of the young people in attendance at school. As restrictions eased and greater numbers of students returned to the classroom, staff numbers required on site also increased.

In order to ensure that the Academy were able to offer additional health and safety measures, spending on hygiene products increased, sanitiser stations were installed throughout the premises and additional furniture was purchased to facilitate social distancing measures and individual workstations for students.

Cedars Academy progressed with building plans throughout the lockdown to create a sports complex to enhance the curriculum and wellness offer afforded to students, staff and the wider community (Post-COVID).

Key Performance Indicators

Ofsted Rating

Overall effectiveness: Good

Effectiveness of leadership and management: Good

Quality of teaching, learning and assessment: Good

Personal development, behavior and welfare: Outstanding

Outcomes for pupils: Good

16 to 19 study programmes: Good

Overall effectiveness at previous inspection: Good

Examination Results

GCSE & Entry Level

A brief breakdown of the results demonstrates significant achievement across all key areas of the curriculum.

Notably at GCSE:

- Seven passes at GCSE English Language, all at Level 4 or above
- Three passes at GCSE English Literature, all at Level 5 or above
- Four passes at GCSE Mathematics, three at Level 5 or above
- Four passes at GCSE Science Combined (Double GCSE), three at level 5 or above
- Eight passes at GCSE History, four at Level 5 or above

Notably at Entry Level:

- Twenty five passes at Step Up to English
- Eight Entry Level Certificates in Preparing for Work
- Two Entry Level Awards in Preparing for Work
- Three Entry Level Certificates in Humanities
- Seven Entry Level Awards in Humanities

Destination Summary

A: Newcastle college- A levels Eng. Lit, Sociology, history

B: Level 3 Childcare, Newcastle College

C: Project Choice Stage 1

D: Gateshead College, Hair and Beauty Level 1

E: Project Choice Stage 1, GCSE Maths

F: Travel and Tourism Level 1 Gateshead College

G: Learning Skills, Dryden Centre

H: Project Choice Stage 1, Gateshead College

I: Project Choice Stage 1, Gateshead College

J: Project Choice Stage 2, Gateshead College

Going concern

After making appropriate enquiries, the board of trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future.

Cedars Academy Business Partnership and Development Group are taking the lead in putting together the plans for buildings development. As the plans emerge the group will begin to provide more information and steer the consultation process.

For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies note of the financial statements.

Financial review

Most of the academy trust's income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants and Local Authorities (LA) in the form of top up funding and fixed costs. The use of which is restricted to particular purposes. The grants received from the DfE/ESFA/LA during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy trust also received grants for fixed assets from the DfE/ESFA. In accordance with the Charities Statement of Recommended practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown under the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2020, total expenditure of £3,660,000 was in excess of recurrent grant funding from DfE/ESFA/LA together with other incoming resources. The excess of expenditure over income for the year (excluding pension reserve movements and restricted fixed asset funds) was £204,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academy trust's objectives.

At 31 August 2020 net book value of fixed assets was £4,803,000 and movements in tangible fixed assets are shown in note 11 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy trust.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of LGPS pension scheme, resulting in a deficit of £2,124,000 recognised on the Balance Sheet.

The academy trust held fund balances as at 31 August 2020 of £3,740,000 comprising £881,000 of restricted general funds, £4,803,000 of restricted fixed asset funds, a pension deficit of £2,124,000 and £180,000 of unrestricted funds.

Implementation

The Academy will construct such budgets and cash flow forecasts as are required by legislation to ensure the viability and sustainability of the activities of the academy. From time to time, operational and strategic decisions related to the education of students at Cedars Academy will result in substantial cash balances at the bank over a sustained period. These periods are identified by the Academy Business & Partnership Development Manager as part of their normal forecasting activity and, when identified, will result in the Academy making an investment in accordance with any guidance provided in the Academy's Financial Handbook.

Prior to investing funds, the Headteacher and Finance and Staffing Committee must be satisfied that the cash flow predictions provided by the Academy Business & Partnership Development Manager are accurate and that the amount and time period of the investment will not compromise the viability and sustainability of the activities of the academy.

In making decisions regarding where and how any surplus funds should be invested, due regard will be given to the "Risk that the return on investments is not being maximised" and "Risk that trustees are not acting in accordance with their Investment Policy (e.g. investing in high risk investments which are not in the best interests of the Academy)".

The Academy aims to manage its cash balances to provide for the day-to-day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the academy aims to invest surplus cash funds to optimise returns but ensuring the investment instruments are such that there is no risk to the loss of these cash funds.

Reserves policy

The academy trust holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- To provide funds which can be designated to specific areas such as rolling program investment in repairs and maintenance and building improvements
- To cover ongoing costs in relation to the running of the academy trust including catering provisions, school trips and uniform costs

The level of reserves is reviewed by Directors regularly throughout the year. The minimum level of reserves for the ongoing needs of the academy trust is reviewed by the Directors on an annual basis.

The Governing Body will ensure that the levels of reserves that can be carried forward at the end of the financial period will be in line with the guidance received from the DfE on the treatment of General Annual Grant [GAG] income and other grants. The Governing Body will consider the improvement plan for capital developments required.

The Governing Body will always try to match income with expenditure in the current period and will only carry forward reserves that it considers are necessary for future period’s expenditure. The Governing Body may accumulate reserve funds raised from private sources to defray for the benefit of the Academy in future years.

As at 31 August 2020 the academy trust holds available reserves of £1,061,000, comprising of restricted general funds (excluding pension reserves) of £881,000 and unrestricted funds of £180,000. The balance is considered to be an adequate level of reserves given future capital plans.

Investment policy

The Academy has an approved Investment Policy and if the Academy is able to generate better returns than currently provided in the deposit account, it may undertake other investments. All investments, outside of the deposit account, will be made on a risk-averse basis, taking ethical considerations into account and need Board of trustee’s approval.

The aim of this policy is to ensure that funds which the academy does not immediately need to cover anticipated expenditure are invested in such a way as to maximise the school's income but without risk. Our aim is to spend the publicly funded monies with which we are entrusted for the direct education benefit of students as soon as is prudent. The academy does not consider the investment of surplus funds as a primary activity, rather it is the result of best practice as and when circumstances allow.

Principal risks and uncertainties

The principal risks and uncertainties are centered on changes in the level of funding from DfE/ESFA. In addition, the academy trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy trust Balance Sheet.

The Directors have assessed the major risks, to which the academy trust is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the academy trust, and its finances. The Directors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The Academy Trust has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The academy trust is subject to a number of risks and uncertainties in common with other academies. The academy trust has in place procedures to identify and mitigate financial risks.

The Academy maintains a risk register which is reviewed by the Health & Safety Officer to ensure that satisfactory arrangements are in place to manage risk. There is an annual review of all risk management issues led by various staff e.g. Headteacher, Health & Safety Officer and Administration and Facilities Manager as well as teaching staff; there is ongoing review in response to situations or new legislation or information.

The Academy considers all risks and the trustees have implemented a number of systems to assess risks that may impact the Academy, particularly operational areas, e.g. in relation to teaching, management of IT security, safeguarding, health & safety, including educational visits and in relation to the control of finance. The trustees are satisfied that systems are in place to mitigate exposure to major risk.

Financial and Risk Management Objectives and Policies

The Trustees recognise that the LGPS pension deficit, which is set in the pension note 21, represents a significant liability. However, the Trustees consider that the Academy is able to meet its liabilities in respect of paying its annual contributions for the foreseeable future, and the risk from this liability is minimised.

Purposes

- To ensure adequate cash balances are maintained in the current account to cover day to day working capital requirements
- To ensure there is limited risk of loss in the capital value of any cash funds invested
- To protect the capital value of any invested funds against inflation
- To optimise returns on invested funds

Regular cash flows are to be prepared and monitored to ensure there are adequate funds to meet all payroll related commitments and outstanding creditors that are due for payment. Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested only with Lloyds TSB who are the current banking providers for the school. The Academy Business & Partnership Development Manager will seek approval from the Finance & Staffing Committee [F&S] before investing such funds and will provide a statement on any monies invested to the F&S Committee at their regular termly meetings. Periodically (at least every 3 months) the Academy Business & Partnership Development Manager will review the interest rates being achieved and will compare with other investment opportunities to ensure the investment funds are delivering value for money.

The Academy Business, Partnership Development Manager shall take independent financial advice for any fixed term investment for a period longer than six months in line with the Articles of Association 5 (m) and (n) and observe any guidance in the Academies Financial Handbook. In addition, these investments shall be restricted to ones that guaranteed return of capital rather than any equity-based investment. All investments must be authorised by the Headteacher, Academy Business, Partnership & Development Manager and be approved by the F&S Committee.

Fundraising

The Cedars Academy Trust has an active Cedars Charitable Trust (CCT) that oversees fundraising activities and works closely with parents and the school community. Cedars also fundraises with community activities and has wider business links for fund raising initiatives. The Cedars is currently fund raising to create additional teaching and non-teaching (therapeutic and intervention) accommodation.

Accommodation Developments 2019-20

A sports hall extension and creation of a gym and changing rooms is planned commenced. This project is to be financed through existing reserves and fund raising activities via CCT.

Funds Held as Custodian Trustee on Behalf of Others

There are no funds held.

Banks

If a bank or building society authorised by the Financial Services Authority (FSA) is unable to pay back deposits held with it, the Financial Services Compensation Scheme (FSCS) can pay 100% of the first £85,000 of an eligible depositor claim, per authorised institution. The list of authorised institutions and those considered acceptable to use, is provided by the FSA.

Auditor

In so far as the trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 29 January 2021 and signed on its behalf by:

Mrs G Morton
Chair

Scope of responsibility

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

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

The Board of Directors has delegated the day-to-day responsibility to the Principal, 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 Cedars Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors’ Report and in the Statement of Directors’ Responsibilities. The Board of Governors has formally met 3 times during the year. Attendance during the year at meetings was as follows:

Director	Meetings Attended	Out of a possible
Mrs G Morton (Chair)	2	3
Mr G Neale (Vice Chair)	2	3
Ms M Hall	3	3
Mrs J Vincent	2	3
Mr J Cairns	2	3
Mrs M O’Reilly	2	3
Mr J MacCabe	2	3
Mrs P Finn	1	3
Mr P Hills	1	3
Mrs N Kelly	3	3
Ms R Lane	1	3
Mr M Flowers (Principal and Accounting Officer)	3	3

There have been no major changes to the Board composition. The Board receives information of good quality and sufficient detail to enable effective decision making. An annual governance audit is carried out to ensure the Board and Governing body have the skills required to adequately challenge and support the school.

In addition to the three Full Governing Body Meetings held annually the Board also held three Finance & Staffing Meetings and a further five Business Partnership Development Group Meetings; these meetings provided the means by which the Board maintained effective oversight of funds during the year.

The Finance & General Purposes Committee is a sub-committee of the main board of Directors. Its purpose is to ensure efficient and effective use of resources whilst seeking ways to ensure outstanding sustainable provision. It also stands as the Audit Committee. Attendance at meetings during the year was as follows:

Director	Meetings attended	Out of a possible
Mrs M Hall	2	4
Mrs G Morton	3	4
Mrs J Vincent	3	4
Mr J Cairns	1	4
Mr G Neale	3	4
Mrs M O’Reilly	4	4
Mr M Flowers	4	4
Mr P Hills	3	4
Mrs P Finn	1	4

Review of value for money

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

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Directors where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by obtaining quotes from at least 3 professionals before work is carried out.

- The Cedars Academy Trust is a learning community that is highly effective in promoting pupils' spiritual, moral, social and cultural development, and their physical well-being
- Families, pupils and staff have an overwhelmingly positive and supportive view of school
- Student's behaviour is exceptionally good; they feel safe and are thoughtful and considerate to each other and to staff; they like school and have a positive attitude to learning
- Access to learning plays a key role in ensuring that the most complex pupil's needs are addressed; strategies and interventions are highly effective in reducing incidents and helping pupils manage their own behaviour
- Teaching has improved through clear and focused T&L driven initiatives; targeted CPD supports and challenges and there is an increasing number of areas of highly effective practice across the school
- Students achieve well across all key stages and in a wide range of subjects including reading, writing, communication and mathematics
- On exit students are well prepared for the next stage in education, training or employment
- The leadership team and trustees are highly effective and have capacity for sustained and substantial development; staff are fully committed to moving the school forward and the change that has been necessary; there is significant capacity and a resilient team to ensure that the development of the school continues
- The Governing Body and our core partners provide highly effective support in delivering the Academy's aims, objectives and development plans
- Development plans extend the key priorities of the school; accountability and responsibility for implementing them is distributed across staff; all teachers are considered leaders and managers of change

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Cedars Academy Trust for the period 1st 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 Directors has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1st 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 Directors.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors
- regular reviews by the finance and general purposes 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

Internal Audit

The board of Directors has decided not to appoint an internal auditor however Clive Owen LLP is appointed as external auditor to perform additional checks.

Review of effectiveness

As accounting officer the principal 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 external auditor
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance and general purposes committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Directors on 29 January 2021 and signed on its behalf by:

Mrs G Morton
Director

Mr M Flowers
Accounting Officer

The Cedars Academy Trust – Statement of Regularity, Propriety and Compliance

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

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Board of Trustees and the ESFA. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and the ESFA.

The Academy Trust did not undertake any internal scrutiny reviews during the year, contrary to the requirements of the Academies Financial Handbook.

Mr M Flowers
Accounting Officer
29 January 2021

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

Company Law requires the Trustees to prepare financial statements for each financial year. Under Company Law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for the 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 Statement of Recommended Practice [SORP] 2019 and the Academies Accounts Direction 2019 to 2020,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the board of trustees on 29 January 2021 and signed on its behalf by:

Mrs G Morton
Chair

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2019 to 2020.

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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditors' reports thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 incorporated Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report including the incorporated Strategic Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the incorporated 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 set out on page 15, the Trustees (who are directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 auditor's 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 auditor's report.

Use of the audit report

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

Kevin Shotton BA BFP FCA (Senior Statutory Auditor)

For and on behalf of

Clive Owen LLP

Chartered Accountants and Statutory Auditors

140 Coniscliffe Road

Darlington

County Durham

DL3 7RT

29 January 2021

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

In accordance with the terms of our engagement letter dated 17 September 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 The Cedars Academy Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Cedars Academy Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Cedars Academy Trust's funding agreement with the Secretary of State for Education dated 21 August 2015 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 period 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament and 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.

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

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

The work undertaken to draw to our conclusion includes:

- Review of governing body and committee minutes
- Review of payroll, purchases and expenses claimed on a sample basis
- Confirmation that lines of delegation and limits have been adhered to
- Evaluation of internal control procedures and reporting lines
- Review cash payments for unusual transactions
- Review of credit card transactions
- Review of registers of interest
- Review related party transactions
- Review of borrowing agreements
- Review of land and building transactions
- Review whistleblowing procedures
- Review pay policy and factors determining executive pay
- Review of staff expenses
- Review other income to ensure in line with funding agreement
- Review Governance structure and number of meeting held
- Review whether there is a risk register in place

Conclusion

In the course of our work other than detailed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 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.

Non-financial issues

The Academy Trust did not undertake any internal scrutiny reviews during the year, contrary to the requirements of the Academies Financial Handbook.

Clive Owen LLP
Reporting Accountant
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

29 January 2021

The Cedars Academy Trust – Statement of Financial Activities for the year ended 31 August 2020 (including Income and Expenditure Account)

	Note	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2020	Total 2019
		£000	£000	£000	£000	£000
Income and endowments from:						
Donations and capital grants	2	4	0	77	81	323
Charitable activities:						
Funding for the academy trust's educational operations	3	0	3,200	0	3,200	3,026
Other trading activities	4	20	3	0	23	44
Investments	5	1	0	0	1	0
Total		25	3,203	77	3,305	3,393
Expenditure on:						
Raising funds	6	0	0	0	0	0
Charitable activities - Academy trust educational operations	7	37	3,374	249	3,660	3,134
Total		37	3,374	249	3,660	3,134
Net income / (expenditure)		(12)	(171)	(172)	(355)	259
Transfers between funds	14	0	(293)	293	0	0
Other recognised gains / (losses):						
Actuarial gains / (losses) on defined benefit pension schemes	14/21	0	(708)	0	(708)	(456)
Net movement in funds		(12)	(1,172)	121	(1,063)	(197)
Reconciliation of funds						
Total funds brought forward		192	(71)	4,682	4,803	5,000
Total funds carried forward		180	(1,243)	4,803	3,740	4,803

The Cedars Academy Trust – Balance Sheet as at 31 August 20220

Balance Sheet as at 31 August 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Tangible assets	11		4,803		4,682
Current assets					
Debtors	12	647		202	
Cash at bank and in hand	19	523		1,283	
		<u>1,170</u>		<u>1,485</u>	
Liabilities					
Creditors: Amounts falling due within one year	13	(109)		(220)	
Net current assets					
			1,061		1,265
Net assets excluding pension liability					
			5,864		5,947
Defined benefit pension scheme liability			(2,124)		(1,144)
Total net assets					
			3,740		4,803
Funds of the academy trust:					
Restricted funds:					
Fixed asset fund	14		4,803		4,682
Restricted income fund	14		881		1,073
Pension reserve	14		(2,124)		(1,144)
Total restricted funds			<u>3,560</u>		<u>4,611</u>
Unrestricted income funds	14		180		192
Total funds			3,740		4,803

The financial statements were approved by the trustees and authorised for issue on 29 January 2021 and are signed on their behalf by:

Mrs G Morton
Chair

The Cedars Academy Trust –Statement of Cash Flows for the year ended 31 August 2020

Statement of Cash Flows for the year ended 31 August 2020

	<i>Notes</i>	2020	2019
		£000	£000
Cash flows from operating activities			
Net cash (used in) / provided in operating activities	<i>17</i>	(469)	763
Cash flows from investing activities	<i>18</i>	(291)	18
Change in cash and cash equivalents in the reporting period		(760)	781
Cash and cash equivalents at 1 September 2019		1,283	502
Cash and cash equivalents at 31 August 2020	<i>19</i>	523	1,283

Notes to the Financial Statements for the year ended 31 August 2020

Note 1 - 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.

1.1 Basis of preparation

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

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

1.2 Going concern

The trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company 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 accounts 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 accounts.

1.3 Income

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

Grants receivable

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 period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance related conditions), where the receipt is probable, and it can be measured reliably.

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 hire of facilities, catering income and after school clubs is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

Donated goods, facilities and services

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

Expenditure on raising funds

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

Charitable activities

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

Governance costs

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets and depreciation

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.

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, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Freehold Land and Buildings	over 20 years
Assets Under Construction	not depreciated
Furniture and Fixtures	over 4 years
Plant and Equipment	over 2 or 4 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

1.6 Liabilities

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

1.7 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight-line basis over the period of the lease.

1.8 Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. Prepayments are not financial instruments. Amounts due to the charity'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 as detailed in note 13. 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 charity's wholly owned subsidiary are held at face value less any impairment.

1.9 Taxation

The academy trust is considered to pass the tests set out in Paragraph i Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.10 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in the pension notes, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

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

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

1.11 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Skills Funding Agency and Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Department for Education Group and Local Authority.

1.12 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid, and any balances held are disclosed in the notes to the accounts.

1.13 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, 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.

Critical areas of Judgement

Land and buildings are held on a 125 year lease from the local authority. These assets are included on the balance sheet of the academy trust due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy trust could use them without major modification.

Note 2 - Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Restricted Fixed Asset Funds £000	Total 2020 £000	Total 2019 £000
Capital grants	0	0	77	77	303
Other donations	4	0	0	4	20
	4	0	77	81	323

Note 3 - Funding for the Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
DfE / ESFA grants				
General Annual Grant (GAG)	0	1,461	1,461	1,473
Other DfE/ESFA grants	0	218	218	140
	0	1,679	1,679	1613
Other Government grants				
Local authority grants	0	1,472	1,472	1,377
Other grants	0	49	49	25
Other income from the academy trust's educational operations	0	0	0	10
	0	1,521	1,521	1,412
	0	3,200	3,200	3,026

Note 4 - Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Educational visits	4	0	4	18
Clubs	0	0	0	
Other Income	16	3	19	26
	20	3	23	44

Note 5 - Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Short term deposits	1	0	1	0
	1	0	1	0

Note 6 – Expenditure

	Staff Costs £000	Premises £000	Other £000	Total 2020 £000	Total 2019 £000
Academy's educational operations:					
- Direct costs	2,574	0	152	2,726	2,337
- Allocated support costs	169	451	314	934	797
Other	0	0	0	0	0
	2,743	451	466	3,660	3,134

Net income/(expenditure) for the period includes:

	2020 £000	2019 £000
Operating lease rentals	31	43
Depreciation	248	231
Fees payable to auditor for:		
- audit	9	11
- other services	0	1

Note 7 - Charitable activities

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2020	Total 2019
	£000	£000	£000	£000	£000
Direct costs – educational operations	0	2,726	0	2,726	2,337
Support costs – educational operations	37	648	249	934	797
Total Direct & Support Costs	37	3,374	249	3,660	3,134

	Unrestricted Funds	Restricted Funds	Restricted Fixed Asset Funds	Total 2020	Total 2019
	£000	£000	£000	£000	£000
Support staff costs	0	169	0	169	126
Depreciation	0	0	249	249	231
Technology costs	0	81	0	81	39
Premises costs	0	214	0	214	182
Other support costs	37	105	0	142	189
Governance costs	0	79	0	79	29
Total support costs	37	648	249	934	797

Note 8a – Staff Costs

	Total 2020	Total 2019
	£000	£000
Wages and salaries	1,923	1,623
Social security costs	168	142
Operating costs of defined benefit pension schemes	650	602
Apprenticeship levy	0	0
	2,741	2,367
Supply staff costs	2	6
Staff restructuring costs	0	0
	2	6

Note 8b - Staff numbers

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

	2020	2019
	No.	No.
Management	7	7
Teachers	21	17
Teaching Assistants	47	40
Administration Support	3	3
Other	6	5
Total	84	72

	2020	2019
	No.	No.
Salary		
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-

Note 8c - Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £534,468 (2019: £456,196).

Note 9 - Related Party Transactions – Trustees’ remuneration and expenses

None of the trustees have been paid remuneration or received other benefits from an employment with an academy trust. The principal and other staff trustees only received remuneration in respect of services they provide undertaking roles of principal and staff members under their contracts of employment.

The value of Trustees' remuneration and other benefits was as follows:

	2020 £	2019 £
Mr M Flowers (Principal and Trustee)		
Remuneration	70,000 - 75,000	65,000 - 70,000
Pension Contributions Paid	15,000 - 20,000	10,000 - 15,000
Mrs M O'Reilly (Assistant Principal and Trustee)		
Remuneration	55,000 - 60,000	45,000 - 50,000
Pension Contributions Paid	10,000 - 15,000	5,000 - 10,000
Mrs J Vincent (Assistant Principal & CFO and Trustee)		
Remuneration	55,000 - 60,000	30,000 - 35,000
Pension Contributions Paid	10,000 - 15,000	5,000 - 10,000
Mr J MacCabe (Staff Trustee)		
Remuneration	20,000 - 25,000	20,000 - 25,000
Pension Contributions Paid	up to 5,000	up to 5,000

During the year, no Trustees received any benefits in kind (2019: £Nil).

During the year, no Trustees received any reimbursement of expenses (2019: £Nil).

Note – 10 Trustees and officers’ insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £1,000,000 on any claim and the cost for the period ended 31 August 2020 was £2,610 (2019: £2,900). The cost of this insurance is included in the total insurance cost.

Note 11 - Tangible fixed assets

	Freehold Land and Buildings	Furniture and Fixtures	Plant and Equipment	Assets Under Construction	Total
	£000	£000	£000	£000	£000
Cost					
At 1 September 2019	5,970	103	99	18	6,190
Additions	173	6	23	167	369
Disposals	0	0	0	0	0
At 31 August 2020	<u>6,143</u>	<u>109</u>	<u>122</u>	<u>185</u>	<u>6,559</u>
Depreciation					
At 1 September 2019	1,325	93	89	0	1,507
Charged in year	233	5	11	0	249
Disposals	0	0	0	0	0
At 31 August 2020	<u>1,558</u>	<u>98</u>	<u>100</u>	<u>0</u>	<u>1,756</u>
Net book values					
At 31 August 2019	4,645	10	10	18	4,682
At 31 August 2020	<u>4,585</u>	<u>11</u>	<u>22</u>	<u>185</u>	<u>4,803</u>

Note 12 – Debtors

	2020 £000	2019 £000
Trade debtors	0	0
VAT recoverable	169	109
Other debtors	0	65
Prepayments and accrued income	478	28
Total	647	202

Note 13 - Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	0	0
Other taxation and social security	43	39
Other creditors	22	12
Accruals	44	169
Deferred income	0	0
Total	109	220

	2020 £000	2019 £000
Deferred income at 1 September 2019	0	2
Released from previous years	0	-2
Resources deferred in the year	0	0

Note 14 – Funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2020 £000
Restricted general funds					
General Annual Grant (GAG)	1,073	1,461	(1,360)	(293)	881
Pupil Premium	0	94	(94)	0	0
Other Grants	0	1,648	(1,648)	0	0
	1,073	3,203	(3,102)	(293)	881
Pension reserve	(1,144)	0	(272)	(708)	(2,124)
	(71)	3,203	(3,374)	(1,001)	(1,243)
Restricted fixed asset funds					
DfE/ESFA capital grants	405	77	(35)	0	447
Inherited Funds	3,657	0	(158)	0	3,499
Capital expenditure from GAG	611	0	(53)	293	851
Private sector capital sponsorship	9	0	(3)	0	6
	4,682	77	(249)	293	4,803
Total restricted funds	4,611	3,280	(3,623)	(708)	3,560
Total unrestricted funds	192	25	(37)	0	180
Total funds	4,803	3,305	(3,660)	(708)	3,740

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

General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

Other DfE/ESFA grants include pupil premium, PE teachers, Youth Sports Trust, Year 7 Catch Up grants and universal infant free school meals funding.

Other government grants include income for pupils with special educational needs from the Local Authority.

The Cedars Academy Trust – Notes to the Financial Statements

DfE/ESFA capital grants consist of a devolved capital grant which has been received for expenditure on acquisition and maintenance of fixed assets. This has been fully utilised during the year.

The inherited fixed asset fund reflects the fixed assets transferred from the Local Authority on conversion.

Other transfers comprise fixed asset additions of £292,829 funded from restricted funds.

The pension reserve reflects the LGPS transactions. The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these funds.

Unrestricted funds can be used for any purpose at the discretion of the academy.

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

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2019 £000
Restricted general funds					
General Annual Grant (GAG)	547	1,473	(965)	18	1,073
Pupil Premium	0	95	(95)	0	0
Other Grants	0	1,475	(1,475)	0	0
	<u>547</u>	<u>3,044</u>	<u>(2,535)</u>	<u>18</u>	<u>1,073</u>
Pension reserve	(349)	0	(339)	(456)	(1,144)
	<u>198</u>	<u>3,044</u>	<u>(2,875)</u>	<u>(438)</u>	<u>(71)</u>
Restricted fixed asset funds					
DfE/ESFA capital grants	103	303	0	0	405
Inherited Funds	3,887	0	(231)	0	3,657
Capital expenditure from GAG	629	0	0	(18)	611
Private sector capital sponsorship	9	0	0	0	9
	<u>4,628</u>	<u>303</u>	<u>(231)</u>	<u>(18)</u>	<u>4,682</u>
Total restricted funds	<u>4,826</u>	<u>3,345</u>	<u>(3,104)</u>	<u>(456)</u>	<u>4,611</u>
Total unrestricted funds	<u>174</u>	<u>46</u>	<u>(28)</u>	<u>0</u>	<u>192</u>
Total funds	<u>5,000</u>	<u>3,392</u>	<u>(3,132)</u>	<u>(456)</u>	<u>4,803</u>

Note 15 - Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	0	0	4,803	4,803
Current assets	180	990	0	1,170
Current liabilities	0	(109)	0	(109)
Pension scheme liability	0	(2,124)	0	(2,124)
Total net assets	<u>180</u>	<u>(1,243)</u>	<u>4,803</u>	<u>3,740</u>

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	0	0	4,682	4,682
Current assets	192	1,293	0	1,485
Current liabilities	0	(220)	0	(220)
Pension scheme liability	0	(1,144)	0	(1,144)
Total net assets	<u>192</u>	<u>(71)</u>	<u>4,682</u>	<u>4,803</u>

Note 16 - Commitments under operating leases

At 31 August 2020 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2020	2019
	£000	£000
Amounts due within one year	32	36
Amounts due between one and five years	10	36
Amounts due after five years	0	0
	42	72

Note 17 - Reconciliation of net income/expenditure to net cash flow from operating activities

	2020	2019
	£000	£000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(355)	259
Adjusted for:		
Capital grants from DfE and other capital income	(77)	-303
Interest receivable	(1)	-0
Defined benefit pension scheme cost less contributions payable	252	331
Defined benefit pension scheme finance cost	20	8
Depreciation	249	231
(Increase)/decrease in debtors	(444)	178
Increase/(decrease) in creditors	(113)	59
Net cash provided by / (used in) Operating Activities	(469)	763

Note 18 - Cash flows from investing activities

	2020	2019
	£000	£000
Dividends, interest and rents from investments	1	0
Capital grants from DfE/ESFA	77	303
Capital funding received from sponsors and others	0	0
Purchase of tangible fixed assets	(369)	-285
Net cash provided by / (used in) investing activities	(291)	18

Note 19 - Analysis of cash and cash equivalents

	2020	2019
	£000	£000
Cash in hand and at bank	523	1,283
Total cash and cash equivalents	523	1,283

Note 20 – 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.

Note 21 - Pensions and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2019 and that of the LGPS related to the period ended 31 March 2020.

Contributions amounting to £45,302 (2018: £33,094) were payable to the schemes at 31 August 2020 and are included within creditors.

Teachers' Pension Scheme Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The Teachers' Pension Budgeting and Valuation Account

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

Not less than every four years 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. 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 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. 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% employer administration charge (currently 14.1%))
- 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
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- 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 is 4.45%.

The rate of pensionable pay increased to 23.6% (plus a 0.08% levy) on 1 September 2019 (the figures for 2018/19 were 16.4% plus a 0.08% levy).

The pension costs paid to the TPS in the period amounted to £238,369 (2019: £133,819).

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

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

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision

regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

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 £194,000 (2019: £176,000), of which employer's contributions totalled £140,000 (2019: £128,000) and employees' contributions totalled £54,000 (2019: £48,000). The agreed contribution rates for future years are 22.80% for employers and between 5.50% to 12.50% 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
Discount rate for scheme liabilities	1.70%	1.90%
RPI Inflation	0.00%	3.10%
CPI Inflation	2.20%	2.10%
Pension Increases	2.20%	2.10%
Pension account revaluation rate	2.20%	2.10%
Salary Increases	3.70%	3.60%

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
Males		
Member aged 65 at accounting date	21.8	21.9
member aged 45 at accounting date	23.5	23.6
Females		
Member aged 65 at accounting date	25.0	25.1
member aged 45 at accounting date	26.8	26.9

Sensitivity analysis

Funded LGPS benefits

Discount rate assumption			
Adjustment to discount rate	+0.1% p.a.	Base Figure	0.1% p.a.
Present value of total obligation (£m)	4.864	4.999	5.139
% change in present value of total obligation	-2.7%		2.8%
Projected service cost (£m)	0.445	0.464	0.483
Approximate % change in projected service cost	-4.10%		4.20%
Rate of general increase in salaries			
Adjustment to salary increase rate	+0.1% p.a.	Base Figure	0.1% p.a.
Present value of total obligation (£m)	5.014	4.999	4.984
% change in present value of total obligation	0.3%		-0.3%
Projected service cost (£m)	0.464	0.464	0.464
Approximate % change in projected service cost	0.0%		0.0%
Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption			
Adjustment to pension increase rate	+0.1% p.a.	Base Figure	0.1% p.a.
Present value of total obligation (£m)	5.124	4.999	4.879
% change in present value of total obligation	2.50%		-2.4%
Projected service cost (£m)	0.483	0.464	0.445
Approximate % change in projected service cost	4.2%		-4.1%
Post retirement mortality assumption			
Adjustment to mortality age rating*	+0.1% p.a.	Base Figure	0.1% p.a.
Present value of total obligation (£m)	5.179	4.999	4.824
% change in present value of total obligation	3.6%		-3.5%
Projected service cost (£m)	0.483	0.464	0.446
Approximate % change in projected service cost	4.0%		-3.9%

*A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them

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

	£ Value as at 31 August 2020	£ Value as at 31 August 2019
Equities	1,538	1,767
Property	265	232
Government bonds	69	111
Corporate bonds	658	308
Cash	55	57
Other	290	224
Total	2,875	2,699

Amount recognised in the Statement of Financial Activities Income Statement

	Period ending 31 August 2020	Period ending 31 August 2019
	£000	£000
Current service cost	392	-209
Past service cost		-250
Interest income		70
Interest cost	20	-78
Total pension expense in SOFA	412	-467

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

	Period ending 31 August 2020	Period ending 31 August 2019
	£000	£000
Opening defined benefit obligation	3,843	2,784
Current service cost	392	209
Interest expense on defined benefit obligation	73	78
Contributions by participants	54	48
Actuarial (gains) / losses on liabilities	670	538
Net benefits paid out	-33	-64
Past service cost	0	250
Curtailment cost	0	0
New increase in liabilities from disposals / acquisitions	0	0
Settlements	0	0
Closing defined benefit obligation	4,999	3,843

Changes in the fair value of academy's share of scheme assets:

	Period ending 31 August 2020	Period ending 31 August 2019
	£000	£000
Opening fair value of assets	2,699	2,435
Interest income on assets	53	70
Remeasurement gains/(losses) on assets	-38	82
Contributions by the employer	140	128
Contributions by participants	54	48
Net benefits paid out	-33	-64
Net increase in assets from disposals/acquisitions	0	0
Settlements	0	0
Closing fair value of assets	2,875	2,699

Note 22 - Related party transactions

Owing to the nature of the academy trust'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 have an interest. All transactions involving such organisations are in accordance with the academy trust's financial regulations and normal procurement procedures. There were no related party transaction for 2019/20. Below are the related party transaction for 2018/19

Wayout in Gateshead (WING) - a charitable company in which M Flowers and A Elders are directors:

- The trust used the outdoor activity service from WING totalling £nil (2019: £3,181).

Gateshead Kestrels DS club – M Flowers was a trustee:

- The Trust use this organisation to provide a range of sporting and outdoor activities totalling £nil (2019: £7,535).

Mrs E Neale and Mr K Vincent are members of the senior management team as listed on Page 2 and are related to Mr G Neale and Mrs J Vincent who are trustees of the Academy. Their employment predates Mr G Neale and Mrs J Vincent becoming trustees and they have had no subsequent involvement in any aspect of the terms, conditions or remuneration, which have been determined in line with the national agreements on leadership pay scales. Mr A Finn is a teaching member of staff at the Academy and is related to Mrs P Finn who is a trustee of the academy. Mr Finn's employment pre-dates Mrs P Finn becoming a trustee and they have had no subsequent involvement in any aspect of the terms, conditions or remuneration, which have been determined in line with the national agreements on teaching pay scales.

Note 23 - Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2020 the trust received and disbursed £1,200 (2019: £12,000).

Note 24 – Comparative Statement of Financial Activity

	Note	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2019	Total 2018
		£000	£000	£000	£000	£000
Income and endowments from:						
Donations and capital grants	2	20	0	303	323	102
Charitable activities:						
Funding for the academy trust's educational operations	3	0	3,026	0	3,026	2,749
Other trading activities	4	26	18	0	44	20
Investments	5	0	0	0	0	0
Total		46	3,044	303	3,393	2,871
Expenditure on:						
Raising funds	6	0	0	0	0	0
Charitable activities - Academy trust educational operations	7	28	2,875	231	3,134	2,760
Total		28	2,875	231	3,134	2,760
Net income / (expenditure)		18	169	72	259	111
Transfers between funds	14	0	18	(18)	0	0
Other recognised gains / (losses):						
Actuarial gains / (losses) on defined benefit pension schemes	14/21	0	(456)	0	(456)	320
Net movement in funds		18	(269)	54	(197)	431
Reconciliation of funds						
Total funds brought forward		174	198	4,628	5,000	4,569
Total funds carried forward		192	(71)	4,682	4,803	5,000

Note 25 – Capital commitments

As at 31 August 2020 the academy trust had entered into capital commitments amounting to £403,000.