

TRUSTEES' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020
FOR
THE ABBEY SCHOOL (FAVERSHAM)
(A COMPANY LIMITED BY GUARANTEE)

McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

	Page
Reference and Administrative Details	1 to 2
Trustees' Report	3 to 14
Governance Statement	15 to 20
Statement on Regularity, Propriety and Compliance	21
Trustees' Responsibility Statement	22 to 23
Report of the Independent Auditors	24 to 27
Independent Accountant's Report on Regularity	28 to 29
Statement of Financial Activities	30 to 31
Balance Sheet	32
Cash Flow Statement	33
Notes to the Cash Flow Statement	34
Notes to the Financial Statements	35 to 61

THE ABBEY SCHOOL (FAVERSHAM)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2020

MEMBERS:

DC Corcoran (appointed 30.1.20)
G R Wilby
A Harris
C E Clarkstone

TRUSTEES

T J Martin
C E Clarkstone (resigned 17.9.20)
R W Clarke (resigned 21.11.19)
J A Landsberg
M F Rehal
D M Cory (resigned 19.9.19)
S L Keeling
P E Hawkins (resigned 14.7.20)
R H Speller
D L Shemoon
N R Levitt
L J Brooman
K T Warnock
H Keating (resigned 23.1.20)
R M Towler (resigned 14.7.20)
R Fletcher (appointed 5.12.19)
J Speed (appointed 26.3.20)
M Baxter (appointed 1.4.20)

SENIOR MANAGEMENT TEAM:

R W Clarke (Assistant Headteacher) (resigned 31.7.20)
P Stucken (Assistant Headteacher)
J Lucas (Assistant Headteacher)
S Finlan (Assistant Headteacher)
S Spring (Assistant Headteacher)
G A Parsons (Assistant Headteacher) (resigned 31.8.20)
K Dickens (Head of School)
R H Speller (Headteacher)

REGISTERED OFFICE

London Road
FAVERSHAM
Kent
ME13 8RZ

REGISTERED COMPANY NUMBER 07697086 (England and Wales)

THE ABBEY SCHOOL (FAVERSHAM)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2020

AUDITORS

McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

BANKERS

Lloyds, 49 High Street, Canterbury,
Kent, CT1 2SE

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

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

The trust operates an academy for pupils aged 11 to 19 serving a catchment area which includes Faversham in Kent. It has a pupil capacity of 1,226 (2019: 1,226) and had a roll of 1,167 (2019: 1,126) in the school census in October 2019.

OBJECTIVES AND ACTIVITIES

Objectives and aims

The academy trust's object is to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing

- a) by establishing, maintaining, carrying on, managing and developing an academy offering a broad and balanced curriculum.
- b) by promoting for the benefit of the inhabitants of Faversham Kent and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who need such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

The academy aims to:

- Ensure the school curriculum continues to meet the needs of all students and staff and continue to aspire to the highest standards of teaching and learning in its delivery, thereby achieving our motto: "Be the best you can be".
- Provide a detailed one-year School Improvement Plan which is shared with Trustees. Each priority outlines the target, success criteria and monitoring and evaluation processes.
- Provide first class CPD opportunities for all staff, teaching and support.
- Provide rigorous appraisal, setting staff high aspirational targets for attainment, achievement, teaching and learning, and professional development.
- Provide an all-round education which encompasses PSHE provision, with a particular focus on health, sex, drugs, life skills and citizenship education.
- Continue to provide an all-round education giving opportunities for spiritual, moral, social, and cultural education.
- Provide advice and guidance (IAG) at all levels throughout students' education and give information and advice which supports students' curriculum choices at KS4, KS5 and beyond to university, college, or work with training.
- Keep abreast of all government changes in curriculum and pastoral and implement accordingly.
- To continue to review this curriculum and its delivery in order to ensure it meets the needs of its students and to encourage high aspirations and to enable all to fulfil their potential.
- To further develop the use of ICT in school and the VLE to support teaching and learning and administration.
- To monitor the use and impact of pupil premium throughout the school.

Objectives, strategies and activities

The academy worked hard to achieve its aims and Trustees were kept informed through the work of committees and reporting to the full Board of Trustees. The Headteacher provided detailed reports 3 times per year which outlined progress against objectives and targets and all departments provided up to date information on progress and activities in their respective areas.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

OBJECTIVES AND ACTIVITIES

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17 (5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

We have referred to the guidance in the Charity Commissions general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

The public benefit of The Abbey School (Faversham) is the advancement of education within the local community.

Disabled Persons

The policy of the academy is to support recruitment and retention of students and employees with disabilities. The academy does this by adapting the physical environment, by making support resources available and through training and career development.

Leadership and Management

Over the last 12 months the final stage of the leadership team restructure was completed with the appointment of two Acting Deputy Headteachers to replace the outgoing Head of School, Mr Dickens. These two new roles were appointed internally from the existing pool of highly experienced Assistant Headteachers for an initial period lasting the 2020/21 academic year. Although retiring from teaching, Mr Dickens will be continuing at the school as Director of Resources for the foreseeable future.

Other steps that we took included:

- Reducing data collections only to those that mattered (a maximum of three times per year) and asking staff to be conservative (rather than optimistic) about likely student outcomes. This change supports improved staff wellbeing and more emphasis placed on teachers carrying out their core role.
- Removing quality assurance that had little discernible impact on outcomes. For example, excessive book-looks and content analysis of marking between 2014 and 2018 had little or no impact on student progress. Instead the academy has placed greater weight on learning walks, lesson drop-ins and daily reviews of school operation.
- Reducing the length of the academy policy portfolio. The academy decided to have policies that were to the point and group policies together where this made sense. From a practical point of view, this has supported policy review and updates being completed in a timely manner.
- Focusing CPD on improving day-to-day teaching (i.e. practical strategies). The academy decided, for example, to reduce the burden of marking and focus on consistent strategies for behaviour, classroom entry & exit, verbal feedback and direct instruction. Bold steps were taken in making students more personally accountable for their personal effort, organisation and progress.
- Creating five Academic Mentor roles across KS3 and KS4. Heads of Year were not an effective mechanism to support academic progress since most of their time would always be spent dealing with behaviour and pastoral work. Therefore, the academy has chosen to complement their posts with new Academic Mentor roles that sit in parallel to the Heads of Year.

The academy has benefited from considerable investment in premises with a new £4.6m DfE funded classroom block, currently under construction. This space will house 13 classrooms including 8 specialist rooms for art and technology. A further new building, on the site of the current C Block will be constructed in three phases over the next five years. That will be largely funded by KCC as part of a two form-entry basic needs expansion and will include a performing arts centre, three science laboratories, other classroom spaces and possibly a community theatre.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

OBJECTIVES AND ACTIVITIES

Quality of Teaching, Learning and Assessment

The quality of teaching and learning in the last 12 months has been detailed in documentation shared with the trustees. 93% of teaching was assessed as being 'Secure' or better - which is equivalent to the expectations of the Ofsted 'good' criteria. Feedback from middle leaders from their own review of teaching broadly matched that of senior staff. This shows that judgements made by different tiers of school leadership triangulate with one another, thus providing greater confidence in the results.

The academy achieved a Certificate in Excellence in Assessment award from the Chartered Institute of Educational Assessment. Receipt of this award was timely given that it coincided with the start of wide-spread school lockdowns and a requirement for teachers to reliably assess the performance of their examination groups, based on the evidence available. Indeed, the accreditation from the CIEA was used effectively as part of the evidence in appealing some of the grade judgements made about students.

During the last year, the academy has refined its pedagogical expectations further as our school culture has become more distilled. In short, the academy has crystallised the vision of what makes teaching at The Abbey School different from other academies and why we feel this is necessary.

Part of this change has involved a greater emphasis on curriculum planning, with more weight placed on sequenced learning and expertly designed schemes of work. Another aspect of this has been increased importance placed on aspects such as cultural literacy, acquisition of knowledge and fluency.

Classrooms in The Abbey School are more heavily focussed on students moving forward together as a class, more characterised by teacher-led instruction and have far more opportunity for quiet independent learning through changes to our lesson design. The introduction of knowledge organisers and importance placed on self-quizzing as part of student homework mean that we have begun to establish a revision culture based on spaced repetition and active recall of previous learning.

Personal Development, Behaviour and Welfare & SMSC

The academy has invested heavily in pastoral care over recent months with the creation of a number of new Academic Mentor posts to sit in parallel with the pre-existing posts of Head of Year. The pastoral team has mapped out development opportunities that they want our student body to have as they progress through the school and how essential character attributes for later life will be embedded into the soft curriculum.

Year 7 is now centred on the notion of 'enjoyment and engagement'. The aim is for students to try new things and take advantage of all of the new opportunities available in secondary school. As they move into Year 8 the focus shifts to 'working with others'. Teamwork and effective collaboration with others in our school is therefore embedded into our curriculum journey at this point.

In Key Stage 4 students start Year 9 by having their pastoral development themed around 'persistence and resilience'. These are habits of mind that students will find necessary to be successful in both exams and later life. The academy wants its young people to develop 'altruism' and consideration for their community; so this is now a priority in Year 10. Finally, in Year 11 there are lots of opportunities for 'leadership' so that students are fully equipped to graduate to college or apprenticeships.

Students in the Sixth Form also have a pastoral development focus. In Year 12 it is about 'independence and creativity' with teaching staff encouraging our young people to have greater ownership of their own learning and self-expression. In Year 13 it is about 'lifelong learning' and careers education.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

OBJECTIVES AND ACTIVITIES

The process of national lockdown meant that the pastoral and student support teams had to change their working patterns and approaches to ensure that those most vulnerable in our school community were engaged. This included regular phone or video-call contact. It also included some home visits once restrictions began to ease. The finance department and office staff worked tirelessly to ensure that parents of children entitled to free school meals received regular vouchers. Throughout the period of reported school closure, the academy remained open to children of key workers, those children with EHCPs and those meeting the classification for being most vulnerable.

Raising Standards

Clearly the lack of a normal exam season in summer 2020 makes it difficult to make completely fair and reliable comparisons with previous years. However, it is possible to compare with the improvement rate observed in other schools and reach a conclusion that The Abbey School has improved more quickly than that typically observed elsewhere this year.

It is widely reported nationally that the use of Centre Assessed Grades (CAGs) led to inflation in outcomes this academic year. At Key Stage 4 the rate of national improvement was on average just over 10% per subject. However, at The Abbey teachers were anticipating a 20% increase in outcomes per subject which was reflected in the final grade awards.

The main driver in improving outcomes was teachers' increased confidence in the quality and amount of student work produced in lessons. This followed an academy-wide initiative to improve behaviour and student discipline standards at the start of the 2019/20 school year. The impact on staff morale and confidence in the school was significant with most reporting that low level disruption in lessons had now been completely removed and teachers were able to deliver lessons with far greater pace and challenge. Prior to this initiative, lessons had often been planned around a series of small activities, designed to maintain student interest and maintain behaviour. However, following the changes staff reported being able to plan to cover challenging content with academic rigour. The result of this is clear in the student outcomes.

Within the Sixth Form, there was a broad improvement in both academic and vocational outcomes. A restructuring of the sixth form senior team accompanied with higher expectations of students led to an increase in outcomes being predicted by staff.

FUNDRAISING

The Academy's fundraising was limited to a Year 7 Sponsored Walk, which raised £965, and a dance event to raise money for the school production, £1,691. All funds raised are allocated to a school improvement fund which supports developments in teaching and learning. Fundraising was limited in 2020 because of Covid-19. A lot of the normal house fundraising events did not happen as planned and activities week was cancelled. The Academy does not use commercial fundraisers. Any complaints regarding our fundraising activities will be dealt with in accordance with Charity Commission guidance.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

ACHIEVEMENT AND PERFORMANCE

Key financial performance indicators

The academy had 1,167 students on roll during the 2019 year.

Key Stage 4

Progress 8 Score is estimated to be +0.17

Attainment 8 was 42.46 (Grade C+)

28% achieved a strong pass in English and Mathematics - 25% in 2018

60% achieved a standard pass in English and Mathematics - 50% in 2018

24% achieved the English Baccalaureate - 11% in 2018

Key Stage 5

The average points score per academic entry is 34.86 (C+)

The average points score per applied entry is 30.757 (Distinction)

FINANCIAL REVIEW

Financial position

The academy's accounting period covers a twelve-month trading period from 31 August 2019 to 31 August 2020. The majority of the academy's income is obtained from the Education and Skills Funding Agency in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy also received grants for fixed assets from the ESFA, via the local authority and other sources. In accordance with the Charities Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the restricted fixed assets fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

The academy has also received income from its leisure activities.

During the year under review, total expenditure of £8,264,847 (2019: £7,568,599) was covered by recurrent grant funding from the DfE together with other incoming resources. The surplus of income over expenditure for the period (excluding restricted fixed asset funds and the pension deficit) was £96,133 (2019: £94,216).

At 31 August 2020 the net book value of fixed assets was £12,783,760 (2019: £13,228,419) and movements in tangible fixed assets are shown in note 18 to the financial statements.

Key Financial Performance Indicators:

	31.8.20	31.8.19
Educational wages per pupil enrolled	£4,548	£4,290
Total wages ex sports centre as a percentage of GAG funding	104%	99%
Total wages ex sports centre as a percentage of total revenue grants	82%	85%

Investment policy and objectives

The academy is limited to the amount of reserves that it is able to hold and in general these need to be readily accessible. The practice is, therefore, to keep any reserves in an interest-bearing bank account.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

FINANCIAL REVIEW

Reserves policy

It is the Trustees' objective to maintain a structure of prudent financial management. To this end we aim to carry forward an amount of reserves, so that the academy can best protect and plan its current and future operating activities. The Trustees consider that this amount is equal to 3% of GAG or £168,357. The academy currently has free reserves of £98,779 (2019: £99,324) after accounting for £152,120 (2019: £150,000) which has been designated for the 3G pitch sinking fund and tech fundraising. The restricted general funds are £145,614 (2019: £51,056) (before accounting for the pension liability). Restricted general funds, excluding the pension reserve plus unrestricted funds were £396,513 at the year-end (2019: £300,380). The trust continues to work towards its target level of reserves.

Restricted funds (excluding restricted fixed asset funds) at 31 August 2020 show a deficit of £3,751,386 (2019: £3,085,944) this is after accounting for the deficit on the local government pension scheme. The deficit on the scheme as at 31 August 2020 was £3,897,000 (2019: £3,137,000). It should be noted however that this deficit will not crystallise in the foreseeable future and that the academy follows the advice of the pension scheme actuary and makes contributions in accordance with the rates advised. This level of contributions has been taken into account when preparing the academy's budgets for the year ending 31 August 2020.

Total funds at 31 August 2020 are £9,485,523 (2019: 10,285,320).

Going concern

The Board of Trustees is confident that the academy trust has adequate resources to continue in operational existence for the foreseeable future. In the financial year ended 31 August 2020 the academy is receiving a considerable uplift in funding as an additional 41 students were recorded on the Autumn Census 2019. With rising rolls planned to continue over the next 5 years, the board of trustees is confident that the financial future of the academy trust is secure.

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

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

FUTURE PLANS
ACADEMY IMPROVEMENT PRIORITIES 2019/2020

Outcomes for Children and Learners

Year 11 Targets

Progress 8 score above -0.20

30% grade 5 and above in English and Mathematics

To close the gap for disadvantaged pupils to -0.1 for Progress 8

Lower School Targets

75% of students to be on target for three levels of progress in EBAC subjects

25% of students to be on target for four levels of progress in EBAC subjects

Attendance Target

An aspirational target for recovery from Covid-19 of 90%

Leadership and Management

To work with the Governing Body and Members to create a plan for joining with a partner school to form a MAT

To identify and tackle students' gaps in knowledge and understanding

To create and implement a plan for effective use of catch-up funding

To develop a clear risk assessment for return of the full school population and strategy to support

Quality of Teaching, Learning and Assessment

To make the knowledge focus in lessons and homework a priority

To increase the use of shared learning rituals and routines in lessons

To further develop the use of Microsoft Teams and monitoring its use

To embed the use of knowledge organisers in class and at home

To ensure that schemes of work support blended learning

To have plans for departments to show how lost learning will be addressed

Personal Development, Behaviour and Welfare & SM'S

To create a school pastoral hub with wrap around support for students

To refine school behaviour expectations and discipline systems

To increase attendance of the whole school population

Raising Standards

To ensure that the progress of boys, high ability and pupil premium students improves as quickly as other students as the school recovers from Covid-19

To ensure that spaced repetition and active recall of previous learning becomes further rooted in our school ethos through 'The Abbey Lesson'

To raise quality of engagement and self-discipline of sixth form students

To develop a small but ambitious sixth form with a clear curriculum vision

To implement a taught programme of personal development for all sixth form students

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust. The Trustees of The Abbey School (Faversham) are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Abbey School (Faversham).

Details of the Trustees who served throughout the year and up to the date these accounts are approved, except as noted are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' Indemnities

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

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

The members may appoint up to 15 trustees. The members may appoint staff trustees through such a process as they may determine, provided that the total number of trustees (including the principal) who are employees of the academy trust does not exceed one third of the total number of trustees.

The Headteacher shall be treated for all purposes as being an ex officio trustee.

The parent trustees shall be elected by parents of registered pupils at the academy. A parent trustee must be a parent of a pupil at the academy at the time of their election. The Board of Trustees shall make all necessary arrangements from and determine all other matters relating to, an election of parent trustees, including any question of whether a person is a parent of a registered pupil at the academy. Any election of parent trustees which is contested shall be held by secret ballot.

Where a vacancy for a parent trustee is required to be filled by election, the Board of Trustees shall take such steps as are reasonably practical to ensure that every person who is known to them to be a parent of a registered pupil at the academy is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so.

In appointing a Parent Trustee, the Board of Trustees shall appoint a person who is the parent of a registered pupil at the academy, or where it is not reasonably practical to do so, a person who is the parent of a child of compulsory school age.

The Staff Trustees shall be elected by a secret ballot of all staff employed under a contract of employment or a contract for services or otherwise engaged to provide services to the academy (excluding the Headteacher). All arrangements for the calling and the conduct of the election and resolution of questions as to whether any person is an eligible candidate shall be determined by the Trustees. If a Staff Trustee ceases to work at the academy then he shall be deemed to have resigned and shall cease to be a Trustee automatically on termination of his work at the academy. Any election of a Staff Trustee which is contested shall be held by secret ballot.

The Trustees may appoint up to three co-opted Trustees. The Trustees may not co-opt an employee of the academy trust as a Co-opted Trustee 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 Secretary of State may appoint additional Trustees as he thinks fit if a warning notice has been given to the Trustees because the standards of performance are unacceptably low, there is a serious breakdown in the way the academy is managed and the safety of staff and pupils is threatened and following this, the Trustees have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction within the compliance period.

The Secretary of State may also appoint additional Trustees following an inspection by the Chief Inspector in accordance with the Education Act 2005 the academy trust receives an Ofsted grading which amounts to a drop, either from one inspection to the next inspection or between any two inspections carried out within a five year period.

The Secretary of State may also appoint further Trustees as he thinks fit if a Special Measures Termination Event occurs.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The Trustees are responsible for the strategic direction of the Academy, making major decisions and monitoring the activities of the Academy. This is achieved through 3 meetings a year of the Full Board of Trustees and meetings of Committees set up to look at specific areas of the Academy's activities. The Trustees are responsible for monitoring the performance of the Headteacher on a regular basis. The Headteacher is assisted by a Head of School and six Assistant Headteachers. The organisational structure cascades via Senior Leaders and Middle Managers that include Heads of Department and Heads of Year.

Policies and procedures for induction

The induction provided for new Trustees is tailored to their existing experience, with training provided on charity, educational, legal and financial matters as necessary. Copies of the policies, procedures, minutes, accounts, budget, plans and any other necessary documents that they will need to undertake their role as a Trustee will be made available.

On-going training is available through Kent County Council Trustee Services. They provide an annual calendar of training events in addition to online training that all Trustees can access. Training sessions for all Trustees are arranged at the School on appropriate topics, usually once per year.

Arrangements for setting pay and remuneration of key management personnel

The Trustees will confirm the membership of the Academy's Leadership team and determine the pay ranges applicable for each post. The pay range for a vacant leadership post will be determined by the Trustees prior to the post being advertised. The Trustees will ensure decisions on pay and reward are consistent with the provisions of the STPCD and take due account of any supplementary guidance issued by the DfE. Pay reviews for Leadership posts will normally be undertaken by the Appraiser in conjunction with the Headteacher. The Headteacher will advise the Trustees regarding the pay progression for all members of the Leadership team. The Trustees will consider annually whether to award pay progression to members of the leadership group who have completed a year of employment since the previous pay determination.

Pay reviews will take place as soon as possible after the 1st September but no later than 31st December. In the event of pay progression being awarded this will take effect from 1st September. Pay decisions will be clearly attributable to the performance of the individual. In making a determination the pay committee will have regards to:

- The individual's performance as evidenced in the appraisal process.
- The pay recommendation contained within the appraisal report.

Sustained high quality performance should give the individual an expectation of progression up the pay range. The general expectation for pay progression is as follows:

- Towards the bottom of the pay range - evidence of consistently good leadership practice.
- Towards the top of the pay range - Increasingly significant evidence of outstanding leadership practice with all their practice being consistently good.

Trade union facility time

This information is published in accordance with the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017 because the academy trust had a full-time equivalent employee number of more than 49 throughout the entirety of any seven of the months within the year ended 31 August 2020.

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1	1

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	Nil
1-50%	Nil
51-99%	Nil
100%	Nil

Percentage of pay bill spent on facility time

	£
Total cost of facility time	Nil
Total pay bill	6,259,560

Percentage of the total pay bill spent on facility time calculated as:

$$(\text{total cost of facility time} \div \text{total pay bill}) \times 100 \quad 0\%$$

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:

$$(\text{total hours spent on paid trade union activities by relevant union officials during the relevant period} \div \text{total paid facility time hours}) \times 100 \quad 0\%$$

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1% - 50%	0
51% - 99%	0
100%	0

Percentage of pay bill spent on facility time

Provide the total cost of facility time	0
Provide the total pay bill	£0
Provide the percentage of the total pay bill spent on facility time, calculated as: $(\text{total cost of facility time} \div \text{total pay bill}) \times 100$	0%

Paid trade union activities

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT

Time spent of trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100
0%

Related parties

The school has collaborated with Fulston Manor School and Queen Elizabeth's Grammar School to share expertise and experience.

FUNDS HELD AS CUSTODIAN FOR OTHERS

The academy trust and the trustees hold no funds as custodian trustees.

FINANCIAL AND RISK MANAGEMENT OBJECTIVES AND POLICIES

The Trustees have assessed the major risks to which the academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the academy, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational area (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimize risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risk and uncertainty in respect of the academy relates to the future funding available. The academy mitigates this risk as far as possible by preparing budgets which are reviewed by the Trustees to ensure that the level of anticipated funding is sufficient to meet the requirements of the academy. Any shortfall identified is considered by the Trustees and remedial action taken with a view to balancing the budget.

AUDITORS

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.

Approved by order of the board of trustees on 3 December 2020 and signed on its behalf by:



T J Martin - Trustee

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that The Abbey School (Faversham) 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 of loss.

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

The board of the trustees 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 The Abbey School (Faversham) and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

As Trustees, we acknowledge we have overall responsibility for ensuring that The Abbey School (Faversham) has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss. The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, 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 The Abbey School (Faversham) and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

THE ABBEY SCHOOL (FAVERSHAM)

GOVERNANCE STATEMENT **FOR THE YEAR ENDED 31 AUGUST 2020**

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Trustees' Responsibilities Statement. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings Attended	Out of a Possible
Mrs C Clarkstone (Chair) - Resigned 16.09.2020	4	4
Dr R H Speller (Headteacher)	4	4
Mr T J Martin	4	4
Mrs M F Rehal	3	4
Mrs J Landsberg	3	4
Mrs S Keeling	1	4
Mr N Levitt	4	4
Ms L Brooman	4	4
Mr D Shemoon	4	4
Mr K Warnock	4	4
Mrs R Fletcher (Staff Trustee) - Appointed 05.12.2019	3	3
Mr J Speed - Appointed 26.03.2020	2	2
Dr M Baxter - Appointed 01.04.2020	0	2
Mrs D Cory - Resigned 19.09.2019	0	0
Mr R W Clarke (Staff Trustee) - Resigned 21.11.2019	1	1
Mrs H Keating - Resigned 23.01.2020	1	2
Mrs R Towler (Staff Trustee) - Resigned 14.07.2020	3	3
Mr P Hawkins - Resigned 14.07.2020	1	3

There have been no changes to the composition of the Board of Trustees since the appointments shown in the Reference and Administrative details on page 1.

Governance Reviews

The Board have reviewed the effectiveness of the Board and below details the outcome of the review:

During the year the Board of Governors reviewed the following: In addition, the Board of Governors scrutinised and challenged the following:

- The Statutory Accounts to 31 August 2019
- The Budget for the year to August 2020
- The 3 Year Forecast to August 2022
- Insurance renewal
- Pension deficit
- Statutory Policies
- The Risk Register
- The Quarterly External Compliance reports
- The Monthly Management Accounts, monitoring actual income and expenditure against projections and questioning variances.
- Pay Policy for teachers

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020

- Pay awards for support staff
- Tenders and all expenditure over £8,000
- Enrichment Activities for Students for approval
- Refurbishments to the school staff

The Board of Governors is experienced with a wide range of skills that are used effectively in the governance of the academy. The Board has actively recruited governors with financial and legal backgrounds as they identified this as an area they wished to improve upon.

Financial data has been presented in a consistent manner for a number of years, so governors are able to access the data easily and make comparisons with previous periods, identifying variances when they occur. Governors are confident that they have a good understanding of the academy's financial position in the short and long term and able to make effective decisions based on this.

The Board of Governors believe that the data they receive from the leadership team is honest and accurate and are confident that they have a very good understanding of where the academy is meeting its objectives and what aspects need improvement.

A skills audit is undertaken annually and the results are compiled to give Trustees an understanding of strengths and weaknesses. This analysis, along with academy improvement priorities, is used in the recruitment of new Trustees. Following the recent resignation of Trustees, it was decided to recruit additional trustees that would bring a variety of additional skills, knowledge and experience to add to the considerable experience of the remaining Trustees. The trustees have appointed a Learning and Development representative to coordinate the future training and development of trustees. The next review of governance is expected to take place in November/December 2020.

The Full Board consider that 4 meetings a year, accompanied by the Resource Committee meetings ensure adequate oversight and strong governance. The Board do not consider it necessary at this time for the Full Board to meet more frequently, but will keep this under review on an annual basis. Throughout the Covid-19 epidemic, all full board and sub-committee meetings have been held on Microsoft Teams. Information has been presented on Teams in advance and all discussion and decisions taken have been minuted by the clerk as usual. Named governors were identified to authorise expenditure on essential services and equipment to support the students' home learning and safe return to school following lockdown.

Resources Committee Review

The following finance items were reviewed and agreed by the Resources Committee at the three meetings:

- Reviewed the academy's Financial Procedures Manual and all corresponding financial policies for approval by the Governing Body.
- Reviewed the academy's one year and three-year budgets.
- Reviewed the budget monitoring reports and associated management reports monitoring the projected out-turn position.
- Monitored earmarked funds, trading activities and large academy operations, (e.g. catering, sports facilities, extended school activities, lettings, etc.) ensuring that the allocations are spent in accordance with the recognised terms and within the allocation set out in the budget.
- Reviewed the quarterly Responsible Officer reports.
- Reviewed the staff structure of the academy.
- Reviewed the financial implications of changes to the staffing structure, numbers and grades, and approved these.
- Reviewed contracts on an on-going basis as part of ensuring the academy continues to achieve 'best value' including Payroll, Personnel and Catering.
- Reviewed the academy's Risk Management Policy and the Risk Register.

The Resources Committee is a subcommittee of the main Board of Trustees. Its purpose is to effectively plan and monitor the financial resources of the Academy. Attendance at meetings in the period under review is shown below.

THE ABBEY SCHOOL (FAVERSHAM)

GOVERNANCE STATEMENT **FOR THE YEAR ENDED 31 AUGUST 2020**

Trustee on Resources Committee	Meetings Attended	Out of a Possible
Dr R H Speller (Headteacher)	4	4
Mr T J Martin	4	4
Mr P Hawkins - Resigned 14.07.2020	1	2
Mrs J Landsberg	2	3
Mr N Levitt	3	3
Ms L Brooman	4	4
Mr D Shemoon	2	3
Mrs C Clarkestone (in capacity of Chair of Trustees)	3	3

Review of Value for Money

As accounting officer, the Headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the academy trust has delivered improved value for money during the year, with the following activities as examples:

- Tenders from broadband providers were considered and a new contract agreed which has resulted in a much better service and lower annual cost that has allowed investment in the academy's IT infrastructure.
- The academy has procured a new management information system (BROMCOM) to replace SIMS. Whilst a slightly higher cost, the new system offers increased functionality and has allowed the academy to decommission software from third party add-ons.
- Despite the additional costs related to Covid-19, such as improved hand washing facilities, toilet refurbishments, provision of outside dining areas and signage, the academy retained a surplus in-year position.

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 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 The Abbey School (Faversham) for the period from 31 August 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Resources 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; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed McCabe Ford Williams, the external auditor, to perform additional checks on behalf of the internal reviewer. The internal reviewer on the Board of Trustees is Mr T J Martin. The internal reviewer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the period included the testing and review of:

- payroll and personnel systems;
- purchase processing systems and tendering procedures;
- completeness of ESFA income;
- completeness of other income;
- sales processing and debtors ledger;
- balance sheet control accounts;
- expense claims and
- petty cash reconciliations.
- verification of assets over £1,000

On a quarterly basis, the internal reviewer takes the auditor's reports to the Board of Trustees concerning the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The Board of Trustees confirms that the internal reviewer function has been fully delivered in line with the ESFA's requirements and that no material internal control issues were identified during those visits.

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020

Review of Effectiveness

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

- the work of the internal reviewer;
- the work of the external auditor; and
- 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 any review of the system of internal control by the Resources 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 trustees on 3 December 2020 and signed on its behalf by:



T J Martin - Trustee



R H Speller - Trustee

THE ABBEY SCHOOL (FAVERSHAM)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2020

As accounting officer of The Abbey School (Faversham) I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 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 no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA.

Dr R Speller - Accounting Officer

3 December 2020

A handwritten signature in black ink, appearing to read 'R. Speller', with a long horizontal flourish extending to the right.

THE ABBEY SCHOOL (FAVERSHAM)

TRUSTEES' RESPONSIBILITY STATEMENT **FOR THE YEAR ENDED 31 AUGUST 2020**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and estimates that are reasonable and prudent;
- 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 to 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 the ESFA/DfE have been applied for the purposes intended.

In so far as the trustees are aware:

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

The Trustees (who act as Governors for the activities of The Abbey School (Faversham) and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with the Annual 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 the incoming resources and application of resources, including the 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 SORP 2015 and the Academies Accounts Direction 2019 to 2020
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and

TRUSTEES' RESPONSIBILITY STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020


- 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 that grants received from the Education and Skills Funding Agency and Department for Education have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 3 December 2020 and signed on its behalf by:



T J Martin - Trustee

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE ABBEY SCHOOL (FAVERSHAM)**

Opinion

We have audited the financial statements of The Abbey School (Faversham) (the 'academy trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 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 2019 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. 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 academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE ABBEY SCHOOL (FAVERSHAM)**

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Other information includes the report of the trustees (incorporating the strategic report and the directors' report), the governance statement, and the Accounting Officer's statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

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

- the information given in the report of the trustees (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE ABBEY SCHOOL (FAVERSHAM)**

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the trustees' Report.

Responsibilities of trustees

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

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

As explained more fully in the statement of trustees' responsibilities set out on page 16, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

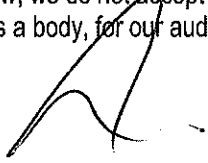
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE ABBEY SCHOOL (FAVERSHAM)**

Use of our report

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



Clair Rayner FCA DChA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

3 December 2020

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE ABBEY SCHOOL (FAVERSHAM) AND THE EDUCATION AND SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Abbey School (Faversham) 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 Abbey School (Faversham) and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Abbey School (Faversham) and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Abbey School (Faversham) and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Abbey School (Faversham)'s accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Abbey School (Faversham)'s funding agreement with the Secretary of State for Education 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 or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 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 the internal control environment which is designed to ensure compliance with regulations;
- Review of the accounting officer's consideration of issues surrounding regularity, propriety and compliance;
- Review of the work and reports of the internal reviewer during the period;
- Review of governance arrangements and procedures and related compliance with the requirements of the Academies Financial Handbook, including the distribution of management accounts and quantity of meetings.
- Analytical procedures regarding declaration of potential conflicts of interest by key staff and the governing body;
- Review of fixed asset transactions against the requirements of the funding agreement between The Abbey School (Faversham) and the Secretary of State and the Academies Financial Handbook;
- Testing of grants and other income for application in accordance with the terms and requirements attached;
- Review of the academy trust's activities to check they are in line with the Academies Framework and the academy trust's charitable objectives;
- Review of bank statements and financial transactions for indications of any items which may be improper;
- Review of bank accounts to check that they are operated within the terms of the academy trust's governing document and borrowing limits imposed by the funding agreement are not exceeded;
- Testing of expenditure, including expense claims for signs of transactions for personal benefit;
- Review of any extra-contractual payments made to staff;
- Review of procurement activity during the period.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
THE ABBEY SCHOOL (FAVERSHAM) AND THE EDUCATION AND SKILLS FUNDING AGENCY**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 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.

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



McCabe Ford Williams
Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

3 December 2020

THE ABBEY SCHOOL (FAVERSHAM)

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020

				31.8.20	31.8.19
	Notes	Unrestricted fund £	Restricted fixed assets £	Restricted general funds £	Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and capital grants	2	2,010	505,502	-	507,512
Charitable activities	6				
Funding for the academy's educational operations	3	-	-	7,093,215	7,093,215
Academy's sport centre operations		89,612	-	-	89,612
Other trading activities	4	36,560	-	166,820	203,380
Investment income	5	331	-	-	331
Total		128,513	505,502	7,260,035	7,894,050
EXPENDITURE ON					
Raising funds	8	6,726	-	31,274	38,000
Charitable activities	10				
Academy's educational operations	9	1,296	654,742	7,451,893	8,107,931
Academy's sport centre operations		118,916	-	-	118,916
Total	7	126,938	654,742	7,483,167	8,264,847
NET INCOME/(EXPENDITURE)		1,575	(149,240)	(223,132)	(370,797)
Transfers between funds	26	-	13,310	(13,310)	-
Other recognised gains/(losses)					
Actuarial gains/(losses) on defined benefit schemes		-	-	(429,000)	(429,000)
Net movement in funds		1,575	(135,930)	(665,442)	(799,797)
RECONCILIATION OF FUNDS					
Total funds brought forward		249,324	13,121,940	(3,085,944)	10,285,320
					11,750,917

The notes form part of these financial statements

THE ABBEY SCHOOL (FAVERSHAM)

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020

				31.8.20	31.8.19
	Unrestricted	Restricted	Restricted	Total	Total
	fund	fixed	general	funds	funds
Notes	£	assets	funds	£	£
	£	£	£	£	£
TOTAL FUNDS CARRIED FORWARD	250,899	12,986,010	(3,751,386)	9,485,523	10,285,320

The notes form part of these financial statements

THE ABBEY SCHOOL (FAVERSHAM)**BALANCE SHEET**
31 AUGUST 2020

	Notes	31.8.20 £	31.8.19 £
FIXED ASSETS			
Tangible assets	18	12,783,760	13,228,419
CURRENT ASSETS			
Debtors	19	566,289	170,962
Cash at bank and in hand		<u>305,261</u>	<u>317,007</u>
		871,550	487,969
CREDITORS			
Amounts falling due within one year	20	(192,927)	(200,899)
NET CURRENT ASSETS		<u>678,623</u>	<u>287,070</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,462,383	13,515,489
CREDITORS			
Amounts falling due after more than one year	21	(79,860)	(93,169)
PENSION LIABILITY	27	(3,897,000)	(3,137,000)
NET ASSETS		<u>9,485,523</u>	<u>10,285,320</u>
FUNDS	26		
Unrestricted funds		250,899	249,324
Restricted general funds		145,614	51,056
Pension fund		(3,897,000)	(3,137,000)
Restricted fixed asset fund		<u>12,986,010</u>	<u>13,121,940</u>
TOTAL FUNDS		<u>9,485,523</u>	<u>10,285,320</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 3 December 2020 and were signed on its behalf by:



T J Martin - Trustee

The notes form part of these financial statements

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020**

	Notes	31.8.20 £	31.8.19 £
Cash flows from operating activities			
Cash generated from operations	1	(513,563)	69,425
Net cash (used in)/provided by operating activities		(513,563)	69,425
Cash flows from investing activities			
Capital grants from DfE/EFA		514,795	77,616
Interest received		331	297
Net cash provided by investing activities		515,126	77,913
Cash flows from financing activities			
New loans in year		-	57,480
Loan repayments in year		(13,309)	-
Net cash (used in)/provided by financing activities		(13,309)	57,480
Change in cash and cash equivalents in the reporting period		(11,746)	204,818
Cash and cash equivalents at the beginning of the reporting period		317,007	112,189
Cash and cash equivalents at the end of the reporting period		305,261	317,007

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020**

1. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.8.20 £	31.8.19 £
Net expenditure for the reporting period (as per the Statement of Financial Activities)	(370,797)	(869,597)
Adjustments for:		
Depreciation charges	444,659	596,778
Capital grants from DfE/ESFA	(514,795)	(77,616)
Interest received	(331)	(297)
Defined benefit pension scheme finance	55,000	59,000
Defined benefit pension scheme admin	2,000	2,000
(Increase)/decrease in debtors	(395,328)	12,611
(Decrease)/increase in creditors	(7,971)	100,546
Difference between pension charge and cash contributions	274,000	246,000
Net cash (used in)/provided by operations	<u>(513,563)</u>	<u>69,425</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.9.19 £	Cash flow £	At 31.8.20 £
Net cash			
Cash at bank and in hand	317,007	(11,746)	305,261
	<u>317,007</u>	<u>(11,746)</u>	<u>305,261</u>
Debt			
Debts falling due within 1 year	(13,310)	1	(13,309)
Debts falling due after 1 year	(93,169)	13,309	(79,860)
	<u>(106,479)</u>	<u>13,310</u>	<u>(93,169)</u>
Total	<u>210,528</u>	<u>1,564</u>	<u>212,092</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The Abbey School (Faversham) meets the definition of a public benefit entity under FRS 102.

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 company to continue as a going concern. The Trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

With rising rolls and sixth form increases planned to continue over the next 5 years, the board of trustees is confident that the financial future of the academy trust is secure and for this reason the Trustees continue to adopt the going concern concept in preparing the accounts.

Critical accounting judgements and key sources of estimation uncertainty

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 (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

The net book value of leasehold property, included within fixed assets, is based on assumptions in relation to the useful life of property and the residual value of the assets. The element of leasehold property which relates to land is deemed not to have a finite life and is not depreciated. The element of leasehold property which does not relate to land is depreciated over the estimated life of the individual buildings, and it is assumed that the asset has no residual value. Any changes in these assumptions will have an impact on the carrying amount of fixed assets.

Critical areas of judgement

The trustees do not consider there to be any critical areas of judgement, other than those relating to estimation above, which have a significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

1. ACCOUNTING POLICIES - continued

Income

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

Grants

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

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

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

Donations

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

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 trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities.

Other income

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

Donated goods, facilities and services

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

Leasehold property donated

The land and buildings from which the academy operates are leased from Kent County Council for a period of 125 years. Rentals payable in respect of this lease are one peppercorn per annum. Under the terms of the lease the risks and rewards of ownership have been substantially transferred to The Abbey School (Faversham) and accordingly to reflect its use, the value of the property has been included in fixed assets with an appropriate credit to voluntary income within the Statement of Financial Activities in the year it was donated.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

1. ACCOUNTING POLICIES - continued

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.

-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.

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

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

Leasehold property	- over the remaining life of the individual buildings
Leasehold land	- over the remaining term of the lease
3G artificial pitch	- straight line over 20 years
Improvements to Property	- over the life of the improvement

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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the academy's depreciation policy.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

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 19. Prepayments are not financial instruments. Cash at bank - is classified as a basic financial instrument and is measured at face value.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

1. ACCOUNTING POLICIES - continued

Financial instruments

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 20 and 21. 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 other financial instrument.

Taxation

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy at the discretion of the Trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education Funding Agency 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 Education and Skills Funding Agency and Kent County Council. Designated funds comprise 3G sports pitch maintenance costs.

Hire purchase and leasing commitments

Rentals in respect of operating leases are charged to the Statement of Financial Activities in the period in which they are incurred.

Pension costs and other post-retirement 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.

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. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability 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.

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.

2. DONATIONS AND CAPITAL GRANTS

	31.8.20	31.8.19
	£	£
Other donations	2,010	2,100
Capital Grants	505,502	77,616
	<u>507,512</u>	<u>79,716</u>

Grants received, included in the above, are as follows:

	31.8.20	31.8.19
	£	£
Other grants	40,000	-
ESFA Capital	465,502	77,616
	<u>505,502</u>	<u>77,616</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.20 Total funds £	31.8.19 Total funds £
Grants	-	7,093,215	7,093,215	6,277,289

An analysis of grants received is given below:

	Unrestricted funds £	Restricted funds £	31.8.20 Total funds £	31.8.19 Total funds £
DfE/ESFA revenue grant				
General Annual Grant	-	5,611,905	5,611,905	5,410,902
Other DfE/ESFA Grants	-	695,931	695,931	426,720
	-	6,307,836	6,307,836	5,837,622
Other government grant				
Local authority grants	-	785,379	785,379	439,667
	-	7,093,215	7,093,215	6,277,289

4. OTHER TRADING ACTIVITIES

	31.8.20 £	31.8.19 £
Fundraising events	82,161	57,099
School trip income	4,878	39,161
Other income	90,958	26,407
Facilities and Services	25,383	64,049
	203,380	186,716

5. INVESTMENT INCOME

	31.8.20 £	31.8.19 £
Deposit account interest	331	297

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

6. INCOME FROM CHARITABLE ACTIVITIES

			31.8.20	31.8.19
	Academy's sport centre operations £	Academy's educational operations £	Total activities £	Total activities £
Sports centre income	89,612	-	89,612	154,984
Grants	-	7,093,215	7,093,215	6,277,289
	<u>89,612</u>	<u>7,093,215</u>	<u>7,182,827</u>	<u>6,432,273</u>

Grants received, included in the above, are as follows:

	31.8.20 £	31.8.19 £
General Annual Grant	5,611,905	5,410,902
Other DfE/ESFA Grants	695,931	426,720
Local authority grants	785,379	439,667
	<u>7,093,215</u>	<u>6,277,289</u>

7. EXPENDITURE

				31.8.20	31.8.19
	Staff costs £	Premises £	Other costs £	Total £	Total £
Raising funds					
Costs of fundraising					
Direct costs	-	-	38,000	38,000	114,925
Charitable activities					
Academy's educational operations					
Direct costs	5,307,589	-	1,041,760	6,349,349	5,854,877
Allocated support costs	867,457	539,229	351,896	1,758,582	1,441,350
	<u>6,175,046</u>	<u>539,229</u>	<u>1,431,656</u>	<u>8,145,931</u>	<u>7,411,152</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

7. EXPENDITURE - continued

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

	31.8.20	31.8.19
	£	£
Depreciation - owned assets	444,659	596,778
Hire of plant and machinery	23,156	-
	<u>467,815</u>	<u>596,778</u>

8. RAISING FUNDS

Costs of fundraising

	31.8.20	31.8.19
	£	£
Educational visits	27,510	88,509
Staff related activities	6,726	8,803
Pupil related activities	3,764	17,613
	<u>38,000</u>	<u>114,925</u>

9. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.20 Total funds £	31.8.19 Total funds £
Direct costs	1,296	6,348,053	6,349,349	5,854,877
Support costs	-	1,758,582	1,758,582	1,441,350
	<u>1,296</u>	<u>8,106,635</u>	<u>8,107,931</u>	<u>7,296,227</u>

	31.8.20 Total £	31.8.19 Total £
Analysis of support costs		
Support staff costs	867,457	828,884
Depreciation	44,466	59,678
Technology costs	2,090	1,454
Premises costs	539,229	310,859
Other support costs	293,077	229,919
Governance costs	12,263	10,556
Total support costs	<u>1,758,582</u>	<u>1,441,350</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

10. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 11) £	Support costs (see note 12) £	Totals £
Academy's sport centre operations	-	118,916	118,916
Academy's educational operations	6,349,349	1,758,582	8,107,931
	<u>6,349,349</u>	<u>1,877,498</u>	<u>8,226,847</u>

11. DIRECT COSTS OF CHARITABLE ACTIVITIES

	31.8.20 £	31.8.19 £
Teaching and educational support staff	5,307,589	4,830,588
Technology costs	100,701	89,206
Educational supplies	122,101	139,591
Examination fees	103,327	130,469
Staff development	84,782	83,565
Educational consultancy	31,163	31,467
Other direct costs	199,493	12,891
Depreciation	400,193	537,100
	<u>6,349,349</u>	<u>5,854,877</u>

12. SUPPORT COSTS

	Management £	Governance costs £	Totals £
Academy's sport centre operations	118,916	-	118,916
Academy's educational operations	1,746,319	12,263	1,758,582
	<u>1,865,235</u>	<u>12,263</u>	<u>1,877,498</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

12. SUPPORT COSTS - continued

Support costs, included in the above, are as follows:

Management

	Academy's sport centre operations £	Academy's educational operations £	31.8.20 Total activities £	31.8.19 Total activities £
Wages	74,280	485,033	559,313	574,071
Social security	3,834	29,990	33,824	33,836
Pensions	6,401	352,434	358,835	328,656
Hire of plant and machinery	354	22,802	23,156	-
Technology costs	32	2,090	2,122	1,508
Recruitment and support	93	5,963	6,056	6,727
Maintenance of premises and equipment	27,089	321,432	348,521	138,339
Rent and rates	1,175	75,646	76,821	63,225
Energy costs	1,613	92,565	94,178	105,005
Insurance	614	39,525	40,139	38,273
Security and transport	39	2,488	2,527	4,361
Catering	-	89,585	89,585	56,416
Depreciation of tangible and heritage assets	-	44,466	44,466	59,678
Expected return on pension sch	-	(79,000)	(79,000)	(102,000)
Interest on pension scheme lia	-	134,000	134,000	159,000
Other costs	3,392	127,300	130,692	121,146
	<u>118,916</u>	<u>1,746,319</u>	<u>1,865,235</u>	<u>1,588,241</u>

Governance costs

	31.8.20 Academy's educational operations £	31.8.19 Total activities £
Auditors' remuneration	<u>12,263</u>	<u>10,556</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

13. AUDITORS' REMUNERATION

	31.08.20	31.03.19
Auditors' remuneration		
- Audit of financial statements	6,640	6,455
- Auditors' remuneration - Non audit services	1,808	2,000
Accounts return	815	795
EOYC Audit	600	300
Internal Audit system checks	2,400	1,006
Professional fees	-	-
	<u>12,263</u>	<u>10,556</u>

14. TRUSTEES' REMUNERATION AND BENEFITS

The Headteacher and Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff and not in respect of their services as Trustees. Other Trustees did not receive any payments, from the academy in respect of their role as Trustees. The value of Trustees' remuneration was as follows:

Dr R Speller (Headteacher and trustee):

Remuneration £95,000 - £100,000 (2019: £90,000 - £95,000)

Employers Pension Contributions £20,000 - £25,000 (2019: £15,000 - £20,000)

Mr R Clarke (staff trustee) resigned 21.11.2019:

Remuneration £10,000 - £15,000 (2019: £55,000 - £60,000)

Employers Pension Contributions £Nil - £5,000 (2019: £5,000 - £10,000)

Mrs R Towler (staff trustee) resigned 14.07.2020:

Remuneration £Nil - £5,000 (2019: £Nil)

Employers Pension Contributions £Nil - £5,000 (2019: £Nil)

Mrs R Fletcher (staff trustee) appointed 05.12.2019, resigned 31.08.2020:

Remuneration £25,000 - £30,000 (2019: £Nil)

Employers Pension Contributions £5,000 - £10,000 (2019: £Nil)

During the year ended 31 August 2020, travel and subsistence expenses of £Nil were reimbursed to trustees (year ended 2019: 3 trustees reimbursed £714)

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2020 nor for the year ended 31 August 2019.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

15. STAFF COSTS

	31.8.20	31.8.19
	£	£
Wages and salaries	4,532,139	4,336,341
Social security costs	412,049	399,261
Operating costs of defined benefit pension schemes	1,215,832	928,180
	<hr/>	<hr/>
	6,160,020	5,663,782
Supply teacher costs	80,438	65,316
Compensation payments	19,103	38,053
	<hr/>	<hr/>
	<u>6,259,561</u>	<u>5,767,151</u>

Non-statutory / non-contractual staff severance payments

Included in staff restructuring costs are 3 non-contractual severance payment totalling £19,103 (2019: £27,000). The individual amounts are £1,900, £12,803 and £4,400.

Staff numbers

The average number of persons (including senior management team) employed by the academy during the year expressed as head count and full time equivalents were as follows:

	31.08.20	31.08.20	31.08.19	31.08.19
	Head count	FTE	Head count	FTE
Charitable activities				
Teachers and educational support	122	109	122	104
Administration and support	53	27	46	27
Management	8	6	10	6
Sports centre staff	7	4	7	4
Totals	190	146	190	141

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

	31.8.20	31.8.19
	<hr/>	<hr/>
The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:		
£60,001 - £70,000	5	-
£80,001 - £90,000	-	1
£90,001 - £100,000	1	1
£100,001 - £110,000	1	-
	<hr/>	<hr/>
	<u>7</u>	<u>2</u>

All of the above employees participated in the Teachers' Pension Scheme. During the period ended 31 August 2020, pension contributions for these staff amounted to £114,283 (2019: £28,949).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

15. STAFF COSTS - continued

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £715,084 (2019: £595,138)

16. 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 £2,000,000 on any one claim. The cost of this insurance is included Governance costs and totals £130 (2019: £155).

17. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted fixed assets £	Restricted general funds £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	-	77,616	2,100	79,716
Charitable activities				
Funding for the academy's educational operations	-	-	6,277,289	6,277,289
Academy's sport centre operations	154,984	-	-	154,984
Other trading activities	81,698	-	105,018	186,716
Investment income	297	-	-	297
Total	236,979	77,616	6,384,407	6,699,002
EXPENDITURE ON				
Raising funds	8,803	-	106,122	114,925
Charitable activities				
Academy's educational operations	2,986	654,256	6,638,985	7,296,227
Academy's sport centre operations	157,447	-	-	157,447
Total	169,236	654,256	6,745,107	7,568,599
NET INCOME/(EXPENDITURE)	67,743	(576,640)	(360,700)	(869,597)
Transfers between funds	-	(77,616)	77,616	-

Other recognised gains/(losses)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

17. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted fixed assets £	Restricted general funds £	Total funds £
Actuarial gains/(losses) on defined benefit schemes	-	-	(596,000)	(596,000)
Net movement in funds	67,743	(654,256)	(879,084)	(1,465,597)
RECONCILIATION OF FUNDS				
Total funds brought forward	181,581	13,776,196	(2,206,860)	11,750,917
TOTAL FUNDS CARRIED FORWARD	<u>249,324</u>	<u>13,121,940</u>	<u>(3,085,944)</u>	<u>10,285,320</u>

18. TANGIBLE FIXED ASSETS

	Leasehold property and land £	3G artificial pitch £	Long leasehold £	Totals £
COST				
At 1 September 2019 and 31 August 2020	15,634,092	671,733	1,118,044	17,423,869
DEPRECIATION				
At 1 September 2019	3,721,821	235,113	238,516	4,195,450
Charge for year	366,350	33,587	44,722	444,659
At 31 August 2020	4,088,171	268,700	283,238	4,640,109
NET BOOK VALUE				
At 31 August 2020	<u>11,545,921</u>	<u>403,033</u>	<u>834,806</u>	<u>12,783,760</u>
At 31 August 2019	<u>11,912,271</u>	<u>436,620</u>	<u>879,528</u>	<u>13,228,419</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

19. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.20	31.8.19
	£	£
Trade debtors	48,866	6,739
Other debtors	7,560	5,170
VAT	71,911	38,821
Prepayments and accrued income	437,952	120,232
	<u>566,289</u>	<u>170,962</u>

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.20	31.8.19
	£	£
Other loans (see note 22)	13,309	13,310
Trade creditors	2,366	568
Social security and other taxes	99,265	97,467
Other creditors	13,160	10,042
Accruals and deferred income	64,827	79,512
	<u>192,927</u>	<u>200,899</u>

DEFERRED INCOME

	31.8.20	31.8.19
	£	£
Deferred income at 1 September 2019	44,702	22,920
Resources deferred in the year	30,968	44,702
Amounts released from previous periods	(44,702)	(22,920)
Deferred income at 31 August 2020	30,968	44,702

£24,518 (2019: £23,796) is in respect of ESFA funding for rates received in advance, and £6,292 (2019: £Nil) relating to kits and clothing and £158 (2019: £Nil) of other income.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

21. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.8.20	31.8.19
	£	£
Other loans (see note 22)	79,860	93,169
	<u>79,860</u>	<u>93,169</u>

22. LOANS

An analysis of the maturity of loans is given below:

	31.8.20	31.8.19
	£	£
Amounts falling due within one year on demand:		
Other loans	13,309	13,310
	<u>13,309</u>	<u>13,310</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	13,310	13,310
	<u>13,310</u>	<u>13,310</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	66,550	66,550
	<u>66,550</u>	<u>66,550</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Other loans more 5yrs instal	-	13,309

A loan above which was originally for £106,480 from the Salix Energy Efficiency Fund has been brought forward. The interest free loan is repayable over 8 years in 16 bi-annual repayments.

23. LEASING AGREEMENTS

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

	31.8.20	31.8.19
	£	£
Within one year	31,169	919
Between one and five years	54,299	640
	<u>85,468</u>	<u>1,559</u>

The land and buildings are leased for one peppercorn per annum.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

24. 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.

25. ANALYSIS OF NET ASSETS BETWEEN FUNDS

				31.8.20
	Unrestricted fund £	Restricted fixed assets £	Restricted general funds £	Total funds £
Fixed assets	-	12,783,760	-	12,783,760
Current assets	137,238	364,030	370,282	871,550
Current liabilities	113,661	(81,920)	(224,668)	(192,927)
Long term liabilities	-	(79,860)	-	(79,860)
Pension liability	-	-	(3,897,000)	(3,897,000)
	<u>250,899</u>	<u>12,986,010</u>	<u>(3,751,386)</u>	<u>9,485,523</u>

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

				31.8.19
	Unrestricted fund £	Restricted fixed assets £	Restricted general funds £	Total funds £
Fixed assets	-	13,228,419	-	13,228,419
Current assets	249,324	-	238,645	487,969
Current liabilities	-	(13,310)	(187,589)	(200,899)
Long term liabilities	-	(93,169)	-	(93,169)
Pension liability	-	-	(3,137,000)	(3,137,000)
	<u>249,324</u>	<u>13,121,940</u>	<u>(3,085,944)</u>	<u>10,285,320</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

26. MOVEMENT IN FUNDS

	At 1.9.19 £	Net movement in funds £	Transfers between funds £	At 31.8.20 £
Unrestricted funds				
General Fund	249,324	1,575	-	250,899
Restricted funds				
General Annual Grant	30,449	44,337	(13,310)	61,476
School Voluntary Fund	20,607	63,531	-	84,138
Pension fund	(3,137,000)	(760,000)	-	(3,897,000)
Fixed asset funds	13,121,940	(444,659)	13,310	12,690,591
Funding from the EFA	-	255,419	-	255,419
Other Restricted Capital Grant	-	40,000	-	40,000
	<u>10,035,996</u>	<u>(801,372)</u>	<u>-</u>	<u>9,234,624</u>
TOTAL FUNDS	<u>10,285,320</u>	<u>(799,797)</u>	<u>-</u>	<u>9,485,523</u>

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General Fund	128,513	(126,938)	-	1,575
Restricted funds				
General Annual Grant	5,657,830	(5,613,493)	-	44,337
Other restricted grants				
	55,773	(55,773)	-	-
School Voluntary Fund	94,805	(31,274)	-	63,531
Education Funding Agency	695,931	(695,931)	-	-
Pension fund	-	(331,000)	(429,000)	(760,000)
Fixed asset funds	-	(444,659)	-	(444,659)
Funding from the EFA	465,502	(210,083)	-	255,419
Other Government	755,696	(755,696)	-	-
Other Restricted Capital Grant	40,000	-	-	40,000
	<u>7,765,537</u>	<u>(8,137,909)</u>	<u>(429,000)</u>	<u>(801,372)</u>
TOTAL FUNDS	<u>7,894,050</u>	<u>(8,264,847)</u>	<u>(429,000)</u>	<u>(799,797)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

26. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.9.18 £	Net movement in funds £	Transfers between funds £	At 31.8.19 £
Unrestricted funds				
General Fund	181,581	67,743	-	249,324
Restricted funds				
General Annual Grant	-	(63,081)	69,375	6,294
Other restricted grants				
	2,557	(2,557)	-	-
School Voluntary Fund	24,583	(12,217)	8,241	20,607
Education Funding Agency	-	24,155	-	24,155
Pension fund	(2,234,000)	(903,000)	-	(3,137,000)
Fixed asset funds	13,776,196	(654,256)	-	13,121,940
Funding from the EFA	-	77,616	(77,616)	-
	11,569,336	(1,533,340)	-	10,035,996
TOTAL FUNDS	11,750,917	(1,465,597)	-	10,285,320

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

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General Fund	236,979	(169,236)	-	67,743
Restricted funds				
General Annual Grant	5,410,902	(5,473,983)	-	(63,081)
Other restricted grants				
	2,523	(5,080)	-	(2,557)
School Voluntary Fund	93,905	(106,122)	-	(12,217)
Education Funding Agency	426,720	(402,565)	-	24,155
Pension fund	-	(307,000)	(596,000)	(903,000)
Fixed asset funds	-	(654,256)	-	(654,256)
Funding from the EFA	77,616	-	-	77,616
Other Government	450,357	(450,357)	-	-
	6,462,023	(7,399,363)	(596,000)	(1,533,340)
TOTAL FUNDS	6,699,002	(7,568,599)	(596,000)	(1,465,597)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

26. MOVEMENT IN FUNDS - continued

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

General Annual Grant (GAG)

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 on 31 August 2020.

Other restricted general funds

Funding is provided by Government grants in addition to the GAG which must be used for the provision of education for special needs purposes and other specified activities. There was no fund balance carried forward as at 31 August 2020.

Restricted fixed asset funds

Funding is provided by way of Government grants or capital expenditure from the GAG in order to acquire specified fixed assets for use by the academy in achieving its educational objectives. A one-off transfer of buildings and other fixed assets previously in use by The Abbey School occurred upon conversion to an academy.

Unrestricted funds

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

Transfers between funds

A transfer of £13,310 was made from GAG to the restricted fixed asset fund to cover the Salix loan repayments during the year.

School voluntary fund

The school voluntary fund has a carried forward balance of £84,138. This balance includes £944 for the sixth form prom, £659 for the year 11 prom, £60,679 for Erasmus Project, £72 for House Rewards, £2,705 for London Array and £7,969 for Breakfast Club.

Designated funds

Funds of £150,000 remain designated to the 3G sports pitch maintenance, the Football Association has confirmed that where losses have been incurred as a result of COVID-19 these can be covered by the transfer from the sinking fund. Other designated funds include £2,120 for tech fundraising, £21,000 for the reception refurbishment and £255,419 for premises maintenance.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

27. PENSION AND SIMILAR OBLIGATIONS

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Kent County 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 2012 and of the LGPS 31 March 2016.

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

Teachers' pension scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis - contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

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

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers paid an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%).

A copy of the latest valuation report can be found by following this link to the Teachers' Pension Scheme website.

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.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

27. PENSION AND SIMILAR OBLIGATIONS - continued

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.

The employer's pension costs paid to TPS in the period amounted to £875,284 (2019: £735,209).

Under the definitions set out in FRS 102, the TPS is an unfunded 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.

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £316,000 (2019: £275,000), of which employer's contributions totalled £245,000 (2019: £213,000) and employees' contributions totalled £71,000 (2019: £62,000). The agreed contribution rates for future years are 20 percent (21% from 1 April 2021) for employers and between 5.5 percent and 12.5 percent for employees.

The LGPS obligation relates to the employees of the academy trust, who were employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme since that date. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

27. PENSION AND SIMILAR OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.8.20	31.8.19
	£	£
Current service cost	519,000	397,000
Net interest from net defined benefit asset/liability	55,000	57,000
Past service cost	-	64,000
Administration expenses	2,000	2,000
	<u>576,000</u>	<u>520,000</u>
 Actual return on plan assets	 <u>77,000</u>	 <u>100,000</u>

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

	Defined benefit pension plans	
	31.8.20	31.8.19
	£	£
Opening defined benefit obligation	7,261,000	5,993,000
Current service cost	519,000	397,000
Past service cost	-	64,000
Contributions by scheme participants	71,000	62,000
Interest cost	134,000	159,000
Benefits paid	(57,000)	(83,000)
Remeasurements:		
Actuarial (gains)/losses from changes in demographic assumptions	(199,000)	(383,000)
Actuarial (gains)/losses from changes in financial assumptions	591,000	1,052,000
Oblig other remeasurement	155,000	-
	<u>8,475,000</u>	<u>7,261,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

27. PENSION AND SIMILAR OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.8.20	31.8.19
	£	£
Opening fair value of scheme assets	4,124,000	3,759,000
Contributions by employer	245,000	213,000
Contributions by scheme participants	71,000	62,000
Expected return	79,000	102,000
Actuarial gains/(losses)	(2,000)	(2,000)
Benefits paid	(57,000)	(83,000)
Remeasurements:		
Return on plan assets (excluding interest income)	238,000	73,000
Assets other remeasurement	(120,000)	-
	<u>4,578,000</u>	<u>4,124,000</u>

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

	Defined benefit pension plans	
	31.8.20	31.8.19
	£	£
Actuarial (gains)/losses from changes in demographic assumptions	199,000	383,000
Actuarial (gains)/losses from changes in financial assumptions	(591,000)	(1,052,000)
Oblig other remeasurement	(155,000)	-
Return on plan assets (excluding interest income)	238,000	73,000
Assets other remeasurement	(120,000)	-
	<u>(429,000)</u>	<u>(596,000)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

27. PENSION AND SIMILAR OBLIGATIONS - continued

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

	Defined benefit pension plans	
	31.8.20	31.8.19
	£	£
Equities	2,965,000	2,811,000
Gilts	31,000	30,000
Other Bonds	591,000	372,000
Property	503,000	481,000
Cash	139,000	110,000
Absolute return fund	349,000	320,000
	<u>4,578,000</u>	<u>4,124,000</u>

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

	31.8.20	31.8.19
Discount rate	1.60%	1.85%
Future salary increases	3.30%	3.70%
Future pension increases	2.30%	2.20%
Price Increases	2.30%	2.20%
Commutation of pensions to lump sums	50.00%	50.00%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement age 65 are:

	2020	2019
Retiring today		
Males	21.8	22.1
Females	23.8	24.0
Retiring in 20 years		
Males	23.2	23.7
Females	25.2	25.8

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities, as provided by the actuary, are set out below:

	Increase in obligation at 31 August 2020	Increase in obligation at 31 August 2019
	£	£
0.1% decrease in real discount rate	198,000	164,000
1 year increase in member life expectancy	318,000	263,000
0.1% increase in salary increase rate	17,000	19,000
0.1% increase in pension increase rate	180,000	145,000

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

28. CONTINGENT LIABILITIES

The Trust has a contingent liability in respect of term time only workers' annual leave. During the year, certain trades unions began looking at potentially making claims against Kent based education employers regarding the calculation of term time only workers' annual leave. This has arisen across the Local Authority as a whole and is not unique to the Trust. The ultimate liability, if any, cannot be determined with any certainty and arises in respect of calculations of full time equivalent hours for teaching assistants. The Trust estimates the maximum liability to be approximately £220k but the ultimate incidence of such liability is uncertain, as is the amount. It is also possible that the trust will be reimbursed for some or all of any liability arising. For these reasons, the Trustees do not believe any liability should be included in the accounts for the year ended 31 August 2020.

29. CAPITAL COMMITMENTS

	31.8.20	31.8.19
	£	£
Contracted but not provided for in the financial statements	283,640	-
	<u>283,640</u>	<u>-</u>

The capital commitments are in relation to boiler works and a reception refurbishment.

30. RELATED PARTY DISCLOSURES

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

During the year, the academy replaced some IT Equipment due to increasing capability issues and the age of the old machines, being Apple iMacs. These machines were replaced by Windows machines. It was recommended by the School IT Network Manager that these iMacs should be offered to the staff at the academy before being sold online.

These Apple machines were valued at resale cost of £380, but sold to staff for £250 each as it was felt that due to the excessive use of the machines they were not worth the resale cost.

Included in the accounts is £1,768 for the sale of these computers to staff.

As well as these transactions, another transaction with staff was the sale of an old minibus, that failed its MOT. To scrap this vehicle it would cost more on transport costs than the academy would earn for scrap. Therefore, the minibus was sold to the premises manager for £160.

Total related party transactions during the year was £1,928.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

31. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. At the beginning of the accounting period there were Bursary funds brought forward of £10,040. The Academy also received a further £30,525 during the year. Disbursements during the year amounted to £27,405 which included admin fees of £1,526. An amount of £13,160 is included in other creditors relating to undistributed funds that are repayable to ESFA.

