



**Trustee's Report and Financial Statements
for year ended 31 August 2020**

Company Number: 11154851

Contents

Contents	2
Reference and administrative details for the year ended 31 August 2020	4
Members	4
Trustees	4
Senior Management Team.....	4
Company Name	4
Principal and Registered Office.....	4
Company Registered Number.....	4
Independent Auditor	4
Bankers	4
Trustees Report.....	5
Structure, governance and management.....	5
Constitution	5
Members' Liability	5
Trustees' Indemnities	5
Method of Recruitment and Appointment or Election of Trustees	5
Organisational Structure	6
Arrangements for setting pay and remuneration of key management personnel.....	6
Trade union facility time	7
Relevant union officials	7
Percentage of time spent on facility time	7
Related Parties and other Connected Charities and Organisations	7
Objectives and activities.....	7
Objectives, Strategies and Activities.....	8
Public Benefit	8
Strategic report.....	8
Financial Review	9
Financial Objectives	9
Financial Results	9
Cash flow and liquidity	9
Government Funding	9
Reserves policy	9
Principal Risks and Uncertainties.....	9
Fundraising.....	10
Plans for future periods	10
Disclosure of information to auditors.....	11
Scope of responsibility	12
Governance.....	12
Review of value for money.....	13
The purpose of the system of internal control.....	14
Capacity to handle risk.....	14

The risk and control framework.....	14
Review of effectiveness	14
Statement on regularity, propriety and compliance for the year ended 31 August 2020.....	16
Statement of Trustees' responsibilities for the year ended 31 August 2020.....	17
Independent auditors' report on the financial statements to the Members of EKC Schools Trust Limited.....	18
Independent reporting accountants' assurance report on regularity to EKC Schools Trust Limited and the Education and Skills Funding Agency.....	21
Notes to the Financial Statements for the period ended 31 August 2020	26
1. General information.....	26
2. Statement of Accounting Policies	26
3. Income from donations and capital grants.....	30
4. Funding for the Trust's educational operations	30
5. Other Trading activities.....	31
6. Expenditure.....	31
7. Charitable Activities	31
8. Staff.....	32
9. Related party transactions - Trustees' Remuneration and Expenses	32
10. Trustees' and Officers' Insurance.....	32
11. Tangible fixed assets	33
12. Debtors.....	33
13. Creditors: Amounts Falling due within one year	33
14. Creditors: Amounts Falling due after one year.....	34
15. Statement of funds	34
16. Analysis of net assets between funds.....	36
17. Capital commitments.....	36
18. Commitments under operating leases.....	36
19. Reconciliation of net income to net cash flow from operating activities	37
20. Cash flows from investing activities.....	37
21. Analysis cash and cash equivalents.....	37
22. Analysis of changes in net debt.....	37
23. Conversion to an Academy Trust	37
24. Pension and similar obligations	38
25. Related Party Transactions	40
26. Members liability	40
27. Central Services.....	40

Reference and administrative details for the year ended 31 August 2020

Members

Beverley Aitken
Charles Buchanan
Patrick Hollis

Trustees

David Butt (retired 15 July 2020)
Jonathan Clarke, Chair of Trustees
Peter Goldsack (appointed 22 September 2020)
Bernadette Lax (appointed 22 September 2020)
Christopher Legg (retired 30 September 2020)
Summer Macer
Tammy Mitchell, CEO & Accounting Officer
Graham Razey
Peter Troke
Hannah Tudor
Paul Wilson

Senior Management Team

Chief Executive Officer and Accounting Officer	Tammy Mitchell
Chief Financial Officer	Jonathan Cresswell (resigned 30 September 2020)
Chief Financial Officer	Christopher Legg (appointed 1 October 2020)

Company Name

EKC Schools Trust Limited

Principal and Registered Office

Broadstairs College, Ramsgate Road, Broadstairs, Kent, England, CT10 1PN

Company Registered Number

11154851

Independent Auditor

MHA MacIntyre Hudson, Victoria Court, 17-21 Ashford Road, Maidstone, Kent. ME14 5DA.

Bankers

Santander Corporate & Commercial Banking
Santander UK plc
Bridle Road
Bootle
Merseyside
L30 4GB

Trustees Report

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

The EKC Schools Trust (Trust) became operational with the incoming schools joining on 1 March 2020, and operates four primary academies in East Kent; Briary Primary School in Herne Bay, Bysing Wood Primary School in Faversham, Holywell Primary School in Upchurch, Sittingbourne and Queenborough Primary School and Nursery on the Isle of Sheppey. The Academies have a combined pupil capacity of 1,260 pupils and had a combined roll of 1,110 in September 2020.

All of the Academies are Ofsted-rated Good or better.

Structure, governance and management

Constitution

The Trust is a company limited by guarantee and an exempt charity. The charitable company's articles of association are the primary governing documents of the Trust. The charitable company operates as EKC Schools Trust.

Members of the Trust are the guardians of the governance of EKC Schools Trust. They sit at the top of the governance structure and have a limited but distinct role from Trustees with a number of statutory rights and rights set out in the Trust's Articles of Association. The Trustees of the Trust are also the directors of the charitable company for the purposes of company law.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 3.

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

No indemnities have been entered into by the Trust with third parties on behalf of Trustees.

Method of Recruitment and Appointment or Election of Trustees

The number of Trustees shall be not less than three but shall not be subject to any maximum.

The constitution of the Trust Board is as follows:

- Up to 2 Trustees appointed by the Members (on a skills basis)
- Up to 9 Trustees appointed by the Sponsor Body

Trustees may appoint Co-opted Trustees.

The Board make all necessary arrangements for the recruitment and appointment of Trustees. When appointing new Trustees, the Members and/or Trustees will give consideration to the skills and experience mix of existing Trustees in order to ensure the Trust Board has the necessary skills to contribute fully to the Trust's development. The Board requires depth of experience to carry out its duties effectively and efficiently. When recruiting new Trustees, the important attribute is a passion for the work of the Trust and its pupils.

The term of office for all Trustees is 4 years, except for the Chief Executive Officer, who will remain a member of the Board of Trustees whilst they serve in this capacity. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected at an Annual General Meeting.

Organisational Structure

The Board of Trustees believes that to fulfil its responsibilities effectively, it is essential that each member is committed to a shared vision for the Trust and that the Board of Trustees is working well as a team to achieve this. To help new Trustees to feel able to take an active part within the Board of Trustees and be valued as an equal member of the team, new Trustees undergo a period of planned support to introduce them into their role.

- i) On behalf of the Chair, new Trustees receive a letter and information pack welcoming them to the Trust.
- ii) The CEO invites the new Trustee to visit the Trust and experience its atmosphere and understand its ethos and receive an informal briefing on the Trust from the CEO to explain the partnership between, the CEO, EKC Group and the Board of Trustees.
- iii) When a new Trustee attends their first meeting, the Chair of Trustees welcomes them and introduces them to other Trustees. Trustees are asked to introduce themselves and describe any interests/experience they have, and the new Trustee is given opportunity to say something about themselves.
- iv) New Trustees are invited to join a relevant sub-committee of the Board, where vacancies exist. If they wish, they can be given the opportunity to attend and observe committee meetings to gain a deeper understanding of the work of the Trust.
- v) New Trustees complete a self-evaluation skills audit as part of their welcome pack. This helps to identify any potential areas for training and development to support them in their new role.

The Articles of Association set out the arrangements for the governance and management of the Trust. The Board of Trustees is responsible for the overall management and control of the Trust and meets four times a year (or more if required). The work of implementing most of their policies is carried out at sub-committee meetings of the Trust and the Trust's local governing bodies. The Chief Executive Officer, Chief Financial Officer and the Trust's Clerk are responsible for coordinating the strategic work of the Trustees and their sub-committees, preparation of meeting papers and management accounts and the review of matters arising. The Chief Executive Officer and the Chief Financial Officer are responsible for the operational management of the Trust. All Trustees give their time freely and no remuneration or expenses were paid in the year. No Trustee or person connected to a Trustee received any benefit from either means tested bursaries or scholarships awarded to pupils.

The Trustees determine the general policies of the Trust. The Chief Executive Officer undertakes the key leadership role overseeing educational, pastoral and administrative functions. The day-to-day administration of the Trust is undertaken within the policies and procedures approved by the Trustees, which provide for only significant expenditure decisions and major capital projects to be referred to the Trustees for prior approval.

The Board of Trustees meets at least four times per year. Roles and responsibilities are as stipulated in the Trust Funding Agreement and the Articles of Association. There are two additional Trust Committees - the Finance Committee and, the Risk, Audit and Compliance Committee – each with their own terms of reference, which are agreed annually at the first meeting of each academic year.

The Trustees delegate the day-to-day operation of the Trust to the Senior Leadership Team, which for the year ended 31 August 2020 comprised the Chief Executive Officer and Chief Financial Officer. Each has their own particular area of the Trust to lead and this is reviewed annually. The staffing structure, including responsibilities, is reviewed on an annual basis.

Arrangements for setting pay and remuneration of key management personnel

The Trustees consider the Board of Trustees, Chief Executive Officer and Chief Financial Officer as comprising the key management personnel of the Trust in charge of directing and controlling the Trust; and running and operating on a day-to-day basis. All Trustees give their time freely and no Trustee remuneration was paid during the year, except for the Chief Executive Officer, who is remunerated whilst they serve in this capacity.

Trustees are required to disclose all relevant interests and register them with the Clerk and, in accordance with the Trust's policy, withdraw from decisions where a conflict of interest arises.

The Board of Trustees has responsibility for establishing the Trust's pay policy, ensuring its application in practice and reviewing it on an annual basis, including pay awards. The Board of Trustees is also responsible for determining the annual pay budget.

The Board is presented with key performance indicators to enable Trustees to monitor the progress of the Trust against its strategic targets.

The Chief Executive Officer was the Accounting Officer and the role of Clerk to EKC Schools Trust was undertaken by the Director of Governance to EKC Group during the year.

Trade union facility time

Following conversion on 1st March the Trust created a Recognition Agreement with the Trade Unions and as a result some of the Academies arranged for staff to become Union Representatives within their school. To date, there has not been any time spent on facilities time as Joint Meetings are planned for later in the Autumn Term and there have been no requests for meetings or union support prior to this.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
4	4

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	4
1%-50%	0
51%-99%	0
100%	0

Related Parties and other Connected Charities and Organisations

EKC Group provides shared services to the Trust, comprising finance, payroll, human resources and facilities management services. The Trust operates from premises owned by EKC Group. The Trust does not provide any direct consideration for these services.

Objectives and activities

In setting the Trust's objectives and planning their activities the Trustees have given careful consideration to the Charity Commission general guidance on public benefit.

The Board, and all staff, adhere to the Nolan Principles for Public Life and these are promoted across the organisation.

The principal object and activity of the charitable company is the operation of the four schools to provide education for pupils of all abilities between the ages of 2 and 11. The objects as specified in the Trust's articles of association are as follows:

- (a) To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum ("the Mainstream Academies") or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative education is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs (SEN) ("the Special Academies").

In accordance with the articles of association the charitable company has entered into a Funding Agreement with the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis for admitting pupils to the schools, arrangements for pupils with SEN and disabilities and that the curriculum provided to pupils shall be broad and balanced.

Objectives, Strategies and Activities

EKC Schools Trust's vision is to raise the aspiration of all within the communities we serve, enabling everyone to access the highest quality educational provision that can help them to achieve their personal ambitions. We believe our schools must retain their sense of place and their local community identities.

We believe our moral purpose is to strengthen the opportunities available for everyone within our communities. Our ability to deliver a range of core services is one of the key benefits for all schools joining the EKC Schools Trust.

The Trust is underpinned by its core purpose:

1. To enrich curriculum through partnership and collaboration
2. To strengthen and enhance our communities
3. To maximise and achieve the potential of every learner
4. To enable the power of education to inspire

The key priority in the first 6 months of opening was to establish programmes within the Trust to provide effective professional development for all leaders across the Trust through sharing best practice and utilising capacity from where leadership is strong, particularly at middle leadership level

Due to COVID-19, a significant amount of planned activity around these priorities was not able to take place. However, there were also activities that took place virtually to ensure the Trust continued to evolve and develop and add value to the pupils.

Public Benefit

We have referred to the guidance in the Charity Commission 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 that they have set. The main activity of the charitable company is the operation of the Trust's schools and educational activity. The purpose is to provide a rich and relevant education for pupils in our communities that enables them to be successful in their next stage of learning.

Strategic report

Achievements and Performance / Key Performance Indicators

Progress towards the achievement of objectives is monitored at regular intervals. During the period the Trust served 1100 pupils from conversion and opening in March 2020.

None of the schools were inspected in this initial period and, due to Covid-19, there have been no statutory assessments or validated data to judge school performance.

There has been significant investment however in establishing processes, procedures, effective ways of working for the newly formed Trust. These include developing training and sharing best practice across the schools, a range of school improvement activities and the beginnings of the social action and curriculum enrichment activities in partnership with the EKC Group.

Governance has been developed and embedded and is now a strength of the Trust.

Going Concern

The Trustees have performed a robust analysis of forecast future cashflows taking into account the potential impact of COVID-19 on the Trust. This analysis also considers the effectiveness of available measures to assist in mitigating the impact of COVID-19.

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

Financial Objectives

The Trust's financial objectives are:

- to achieve the budgeted EBITDA outcome for the year;
- to maintain working capital to cover expenditure with a minimum current ratio of 1.0; and
- to control expenditure on staff salaries so that the total cost represents no more than 85% of income.

These objectives have been monitored throughout the year by the Trustees (through the management accounts) and the Chief Financial Officer. The Trust over-performed against its budgeted EBITDA outcome of -£229,000 for the year, with an EBITDA of -£38,000, outperformed the current ratio objective for the year ended 31 August 2020 with a current ratio of 2.5:1 and came in approximately on target for staff costs as a percentage of income at 85.5%.

Financial Results

The Trust reports a net surplus of income over expenditure of £11,094,000 after pensions adjustments (£201,000) have been taken into the Statement of Financial Activities. At 31 August 2020, the Trust had accumulated reserves before pension reserve of £14,047,000 and a cash at bank balance of £827,000. The impact of the pension deficit on the Local Government Pension Scheme has been incorporated into the balance sheet and is reflected as a reduction in reserves of £2,953,000.

Cash flow and liquidity

The net cash inflow for the year is £827,000. The cash inflow includes £771,000 of funds transferred from the local authority on conversion.

Government Funding

The Trust is heavily reliant on government grant funding, with over 98% of its income coming from government sources during the period.

Reserves policy

The Trust already has substantial positive reserves of £11,094,000, mainly due to the value of the fixed assets transferred on conversion of the schools. The policy is to ensure that the Trust has sufficient reserves to meet its debts as they fall due, which is equivalent to 1 month of operating expenditure. This is delivered by ensuring that each school delivers a positive operating position each year. This policy has been met this year.

At 31 August 2020 the total funds comprised:

Unrestricted		£16,000
Restricted:	Fixed asset funds	£13,327,000
	Pension reserve	(£2,953,000)
	Other	£704,000
		<u>£11,094,000</u>

Principal Risks and Uncertainties

The Trust strives to continuously develop and improve its systems and processes for internal controls, particularly risk management.

The Trust has an established risk control system that links the identified high risks to the Trust's strategic aims and objectives, with progress being monitored by the key performance indicators. This direct linkage brings a sharp focus to key risks and has ensured that all actions are mitigating these.

The current risks include:

1. Government funding

The Trust has a dependency on government funding of more than 98%. Whilst this is normal for a Multi Academy Trust, this leaves the Trust vulnerable to negative movements in funding rates and national pay settlements. This can only be mitigated by ensuring the Trust has a clear objective to be effective and efficient with its resources and optimising school place take-up.

2. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the Trust's balance sheet in line with the requirements of FRS102.

3. Pupil experience

With growing choice and competition for pupils, the experience that is delivered is often the determinant to differentiate between schools.

4. The effect of coronavirus on our local economies and communities

Whilst the pandemic is an ongoing operational challenge it remains a key and significant risk for the Trust. The full effects of the pandemic may yet be fully unknown; however, it is clear that they will continue to be significant as we move forward. As a large provider of education within East Kent, the Trust has a clear responsibility to the communities it serves and will ensure that it supports the continued growth and development of its local catchment areas.

Fundraising

The Trust does not use any external fundraisers and all internal fundraising undertaken during the year was monitored by the Trustees.

Plans for future periods

At the end of the first period, 6 months as an active Trust, the Trustees are clear that there has been a highly successful start to the organisation. As a result, the Trust will continue to focus on its model for providing a strategic approach to strengthening curriculum and educational opportunities within our academies as well as enhancing our provision through a growth plan.

The main objectives for the year are focused around continual improvement of the Trust to support the core purpose of the Academies in providing the best education for our pupils. This falls into 6 key priority areas:

1. Quality of Education:

Ensure the curriculum design and provision meets the needs of all pupils within individual academies as a key aspect to the COVID 19 recovery plan in each school

2. Behaviour and Attitudes:

Improve rates of attendance for the most vulnerable groups of pupils within the Trust, specifically those most disadvantaged and those with SEND so the typical rates of attendance are 96% and differences between non disadvantaged and disadvantaged pupils are diminishing in all Trust schools

3. Personal Development:

Embed Academy level improvement plans for enhancing the language and vocabulary development of all pupils across the Trust to improve personal development

4. Leadership & Management:

Establish programmes within the Trust to provide effective professional development for all leaders through sharing best practice and utilising capacity from where leadership is strong, particularly at middle leadership level

5. Trust Growth Strategy:

Further strengthen the Trust's long-term sustainability through growth over the next academic year

6. Trust Level Organisational Development:

Embed systems, structures and processes of the Trust's operations to ensure highly effective provision at Trust level for all academies

Disclosure of information to auditors

Insofar as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 11 January 2021 and signed on the board's behalf by:



.....

Jonathan Clarke

Chair of Trustees

Date: 11 January 2021

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 2 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
David Butt (retired 15 July 2020)	0	2
Jonathan Clarke, Chair of Trustees	2	2
Peter Goldsack (appointed 22 September 2020)	0	0
Bernadette Lax (appointed 22 September 2020)	0	0
Christopher Legg (retired 30 September 2020)	2	2
Summer Macer	2	2
Tammy Mitchell, CEO & Accounting Officer	2	2
Graham Razey	2	2
Peter Troke	1	2
Hannah Tudor	1	2
Paul Wilson	2	2

The Board is scheduled to meet at least four times per school year to oversee the running of the Trust. This includes the standard governance of the Trust, covering adoption of policies, information on the overall financial performance of the Trust together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel related matters such as health and safety and environmental issues.

The Board has conducted its business through a traditional model of governance with two sub-committees. These committees are Finance, and Risk, Audit & Compliance. Each sub-committee has terms of reference, which have been approved by the Board.

The Finance Committee comprises the Chair of Trustees and two Trustees (excluding the Chief Executive Officer). The Committee met 3 times during the year and operates in accordance with its terms of reference. Its purpose is to provide appropriate oversight and scrutiny and, assurance to the Board about overall finances of the Trust. Attendance during the year at meetings of the committee was as follows:

Trustee	Meetings attended	Out of a possible
David Butt (retired 15 July 2020)	1	2
Jonathan Clarke, Chair of Trustees	3	3
Christopher Legg	3	3
Paul Wilson (appointed 22 September 2020)	0	0

The Risk, Audit & Compliance Committee comprises of three Trustees (excluding the Chief Executive Officer). The Committee operates in accordance with its terms of reference. The Committee is responsible for advising the Board on matters relating to the Trust's audit arrangements and systems of internal control and to aid the Board's responsibility to ensure sound management of the Trust's finances and resources, including proper planning, monitoring and probity. There were no committee meetings held during the year. The inaugural meeting of the Risk, Audit and Compliance Committee took place in September 2020. Membership of the Committee is as follows:

Trustee	Meetings attended	Out of a possible
Peter Goldsack (appointed 22 September 2020)	-	-
Summer Macer	-	-
Peter Troke	-	-

The Clerk to the Trustees maintains a register of financial and personal interests of the Trustees. The register is available for inspection.

Formal agendas, papers and reports are supplied to Trustees in a timely manner, prior to the Trust Board and the sub-committee meetings.

The Trust has an independent non-executive element, and no individual or group dominates its decision-making process. The Board considers that each of its non-executive members is independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the role of the Chair of the Trustees and Chief Executive Officer of the Trust are separate.

The Trust submitted its Financial Management and Governance Self-Assessment (FMGS) Report to the Education & Skills Funding Agency (ESFA) in June 2020. The outcome from the self-assessment review provided a good level of assurance to the Board.

The ESFA will conduct a Financial Management and Governance Audit in December 2020.

The Trust will review the outcomes from the ESFA audit work and take any necessary actions. The Trust may also consider a follow-up review carried out by the internal auditors.

Review of value for money

The Chief Executive Officer, who is also the accounting officer, has responsibility for ensuring that the 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 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 Trust has delivered improved value for money during the year by:

- exploring opportunities for joint procurement
- aligning premises contracts
- providing staffing level benchmarking between the four schools within the Trust

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Trust for the period 1 March 2020 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 Trust 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 Trust's significant risks that has been in place for the period 1 March to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees;
- regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines as set out in the Financial Regulations;
- delegation of authority and segregation of duties as set out in the Financial Regulations; and
- identification and management of risks

The board of Trustees has considered the need for a specific internal audit function and has decided to employ Williams Giles as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. The internal audit function will commence its cycle of audit work in the first full year of operation, the 2020/21 academic year.

The auditor will report to the board of Trustees, through the Risk, Audit & Compliance committee on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities and will annually prepare an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

Review of effectiveness

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

- the work of the external auditor
- the work of the Chief Financial Officer within the Trust who has responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Risk, Audit & Compliance Committee.

Approved by order of the members of the board of Trustees on 11 January 2021 and signed on its behalf by:



.....
Jonathan Clarke
Chair of Trustees



.....
Tammy Mitchell
Chief Executive Officer

Statement on regularity, propriety and compliance for the year ended 31 August 2020

As accounting officer of the Trust, I have considered my responsibility to notify the board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding received by the Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration, I have had due regard to the requirements of the Academies Financial Handbook 2020.

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

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



.....
Tammy Mitchell

Chief Executive Officer

11 January 2021

Statement of Trustees' responsibilities for the year ended 31 August 2020

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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



.....
Jonathan Clarke

Chair of Trustees

11 January 2021

Independent auditors' report on the financial statements to the Members of EKC Schools Trust Limited

Opinion

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

In our opinion the financial statements:

- give a true and fair view of the state of the 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative details, Trustees' Report, incorporating the Strategic Report and the Directors' Report, the Governance Statement, the Statement on Regularity, Propriety and Compliance and the Trustees' Responsibilities 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.

Independent auditors' report on the financial statements to the Members of EKC Schools Trust Limited (cont)

Opinion 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 (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.

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the 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 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 Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Independent auditors' report on the financial statements to the Members of EKC Schools Trust Limited (cont)

Use of our report

This report is made solely to the 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 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 Trust and its Members, as a body, for our audit work, for this report, or for the opinions we have formed.



Duncan Cochrane-Dyet BSc BFP FCA (Senior Statutory Auditor)

for and on behalf of

MHA MacIntyre Hudson

Statutory Auditors

Victoria Court

17-21 Ashford Road

Maidstone

Kent

ME14 5DA

Date: 28 January 2021

Independent reporting accountants' assurance report on regularity to EKC Schools Trust Limited and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 4 March 2020 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 EKC Schools Trust Limited during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of EKC Schools Trust Limited's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of EKC Schools Trust Limited's funding agreement with the Secretary of State for Education dated 26 February 2020 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by 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 Trust's income and expenditure.

The work undertaken to draw our conclusions include:

- Reviewing the Minutes of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- A review of the objectives and activities of the Trust, with reference to the income streams and other information available to us as auditors;
- Testing a sample of payroll payments to staff;
- Testing a sample of payments to suppliers and other third parties;
- Testing a sample of grants received and other income streams;
- Consideration of governance issues; and
- Evaluating the internal control procedures and reporting lines, and testing as appropriate and making appropriate enquiries of the Accounting Officer.

Independent reporting accountants' assurance report on regularity to EKC Schools Trust Limited and the Education and Skills Funding Agency (cont)

Conclusion

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

MHA MacIntyre Hudson

Reporting Accountant
MHA MacIntyre Hudson

Statutory Auditors
Victoria Court
17-21 Ashford Road
Maidstone
Kent
ME14 5DA

Date: 28 January 2021

Statement of Financial Activities for the year ended 31 August 2020 (including Income and Expenditure Account)

	Note	Unrestricted funds £000	Restricted General Funds £000	Restricted fixed asset funds £000	Total funds 2020 £000
Income and endowments from;					
Donations and capital grants	3				
Transfers on conversion		-	(1,762)	13,381	11,619
Other donations and capital grants		6	-	65	71
Charitable activities:	4	-	3,114	-	3,114
Other trading activities	5	10	-	-	10
Total		16	1,352	13,446	14,814
Expenditure on:					
Charitable activities:	6	-	3,388	131	3,519
Total		-	3,388	131	3,519
Net income/(expenditure)		16	(2,036)	13,315	11,295
Other recognised gains/(losses):					
Actuarial losses on defined benefit pension schemes	24	-	(201)	-	(201)
Net movement in funds		16	(2,237)	13,315	11,094
Reconciliation of funds					
Net movement in funds		16	(2,237)	13,315	11,094
Total funds carried forward		16	(2,237)	13,315	11,094

Balance Sheet as at 31 August 2020

	Notes	2020 £000
Fixed assets		
Tangible assets	11	13,262
Current assets		
Debtors	12	502
Cash at bank and in hand		827
		<u>1,329</u>
Creditors: amounts falling due within one year	13	<u>(526)</u>
Net current assets		<u>803</u>
Total assets less current liabilities		<u>14,065</u>
Creditors: amounts falling due after more than one year	14	(18)
Net assets excluding pension liability		<u>14,047</u>
Defined benefit pension scheme liability	24	(2,953)
Total net assets		<u>11,094</u>
Funds of the Trust:		
Restricted funds		
- fixed assets fund	15	13,327
- restricted income	15	704
- pension reserve	15	(2,953)
Total restricted funds		11,078
Unrestricted income funds		16
Total funds		<u>11,094</u>

The financial statements on pages 23 to 40 were approved by the Trustees, and authorised for issue on 11 January 2021 and are signed on their behalf by:



Jonathan Clarke
Chair of Trustees

Statements of Cash Flows for the year ended 31 August 2020

	Notes	2020 £000
Cash flows from operating activities		
Net cash provided by operating activities	19	14,155
Cash flows from investing activities	20	(13,328)
Change in cash and cash equivalents in the reporting period		827
Cash and cash equivalents at the 31 August 2020	21	827

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

1. General information

EKC Schools Trust Limited is a company limited by guarantee, incorporated in England and Wales. The address of the registered office and principal place of operation are detailed on page 4. The nature of the Trust's operations and principal activity are detailed in the Trustees' Report.

2. Statement of Accounting Policies

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

Basis of Preparation

The Trust was dormant from incorporation until 1 March 2020 when the schools joined. No comparative have been included in these financial statements as there are no accounting entries to disclose.

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The functional currency of these financial statements is pound sterling. They are rounded to the nearest thousand.

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 have performed a robust analysis of forecast future cashflows taking into account the potential impact of COVID-19 on the Academy Trust. This analysis also considers the effectiveness of available measures to assist in mitigating the impact of COVID-19.

The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All incoming resources are recognised when the Trust has entitlement to the funds, the receipt is probable, 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Notes to the Financial Statements for the period ended 31 August 2020 (continued)

Sponsorship Income

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

Donations

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

Other Income

- Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the 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.
- Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Trust's accounting policies.

Expenditure

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

Expenditure on Raising Funds

- This includes all expenditure incurred by the 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 Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Notes to the Financial Statements for the period ended 31 August 2020 (continued)

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life.

Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

- Freehold buildings up to 50 years
- Fixtures, fittings and equipment up to 10 years
- ICT hardware up to 5 years

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.

Debtors

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

Cash at bank and in hand

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

Liabilities

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

Provisions

Provisions are recognised when the Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased Assets

Rentals under operating leases are charged on a straight-line basis over the lease term.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Notes to the Financial Statements for the period ended 31 August 2020 (continued)

Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 28, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education & Skills Funding Agency.

Critical accounting estimates, areas of judgement and assumptions

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.

The 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.

Notes to the Financial Statements for the period ended 31 August 2020 (continued)

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 pensions liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3. Income from donations and capital grants

	Unrestricted funds 2020 £000	Restricted general funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Transfers on conversion	-	(1,762)	13,381	11,619
Donations	6	-	-	6
Capital grants	-	-	65	65
	6	(1,762)	13,446	11,690

4. Funding for the Trust's educational operations

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000
DfE/ESFA grants			
- General Annual Grant (GAG)	-	2,246	2,246
- Other DfE/ESFA grants	-	153	153
- Pupil premium	-	225	225
	-	2,624	2,624
Other Government grants			
- Local authority grants	-	351	351
- Coronavirus exceptional support	-	3	3
	-	354	354
Other income from the Trust's educational operations	-	136	136
	-	3,114	3,114

The Trust has been eligible to claim additional funding in-year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "Other government grants".

Notes to the Financial Statements for the period ended 31 August 2020 (continued)

5. Other Trading activities

	Unrestricted funds £000	Restricted funds £000	Total 2020 £000
Hire of facilities	9	-	9
Income from ancillary trading activities	1	-	1
	10	-	10

6. Expenditure

	Staff costs 2020 £000	Premises costs 2020 £000	Other costs 2020 £000	Total 2020 £000
Trust's educational operations:				
- Direct costs	1,990	-	55	2,045
- Allocated support costs	930	145	399	1,474
	2,920	145	454	3,519

Net income/(expenditure) for this period includes:	2020 £000
Operating lease rentals	5
Depreciation	131
Fees payable to auditor for:	
- Audit	9
- Other services	3
	3

7. Charitable Activities

	Total 2020 £000
Direct costs – educational operations	2,045
Support costs – educational operations	1,474
	3,519

Analysis of support costs

	Educational operations 2020 £000	Total 2020 £000
Support staff costs	930	930
Depreciation	131	131
Legal costs – conversion	43	43
Premises costs	145	145
Governance costs	12	12
Other support costs	213	213
Total support costs	1,474	1,474

Notes to the Financial Statements for the period ended 31 August 2020 (continued)

8. Staff

a. Staff costs

Staff costs during this period were:

Wages and salaries	2,087
Social security costs	159
Operating costs of defined benefit pension schemes	638
	2,884

Agency staff costs	14
Defined benefit pension scheme finance cost	22
	2,920

b. Staff numbers

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

	2020
	No.
Teachers	141
Administration and support	74
Management	9
	224

c. Higher paid staff

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

	2020
	No.
£60,001 - £70,000	1
£70,001 - £80,000	1
£80,001 - £90,000	2
	4

d. Key management personnel

The key management personnel of the 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 Trust was £242,657.

9. Related party transactions - Trustees' Remuneration and Expenses

No Trustees has been paid remuneration or has received other benefits from an employment with the Trust. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

10. Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

Notes to the Financial Statements for the period ended 31 August 2020 (continued)

11. Tangible fixed assets

	Freehold land and buildings £000	Leasehold land and Buildings £000	Assets under construction £000	Furniture and Equipment £000	Computer Hardware £000	Total £000
Cost						
Transferred on conversion	11,830	1,500	-	1	50	13,381
Additions	-	-	9	3	-	12
Disposals	-	-	-	-	-	-
As 31 August 2020	11,830	1,500	9	4	50	13,393
Depreciation						
Transferred on conversion	-	-	-	-	-	-
Charged in year	118	-	-	-	13	131
Disposals	-	-	-	-	-	-
At 31 August 2020	118	-	-	-	13	131
Net book values						
At 31 August 2020	11,712	1,500	9	4	37	13,262

The value of property and equipment transferred on conversion is based on historical valuations provided by Kent County Council, and will be depreciated in line with the Trust's depreciation policy.

12. Debtors

	2020
	£000
Trade debtors	4
ESFA/LA Debtors	154
VAT recoverable	53
Other debtors	128
Prepayments and accrued income	163
	502

13. Creditors: Amounts Falling due within one year

	2020
	£000
Trade creditors	80
Other taxation social security	71
Other creditors	96
Accruals and deferred income	275
Salix Loan	4
	526

Notes to the Financial Statements for the period ended 31 August 2020 (continued)

Deferred Income	2020 £000
Deferred income at 1 March 2020	-
Released from previous years	-
Resources deferred in the year	68
Deferred income at 31 August 2020	68

At the balance sheet date, the Trust was holding funds received in advance for free school meals relating to the 2020/21 financial year.

Included within creditors is an interest-free Salix loan, repayable monthly with the last payment due in April 2026.

14. Creditors: Amounts Falling due after one year

	2020 £000
Salix Loan	18
	18

15. Statement of funds

	Transfers on conversion £000	Income £000	Expenditure £000	Gains losses and transfers £000	Balance 31 August 2020 £000
Restricted general funds					
General Annual Grant (GAG)	759	2,246	(2,927)	-	78
Pupil premium	-	225	(213)	-	12
PE & Sports	-	31	(12)	-	19
Other grants	-	125	-	-	125
Local authority grants	-	351	(17)	-	334
Pension reserve	(2,521)	-	(231)	(201)	(2,953)
Other income	-	136	-	-	136
	(1,762)	3,114	(3,400)	(201)	(2,249)
Restricted fixed asset funds					
Transfer on conversion	13,381	-	(119)	-	13,262
Capital grants	-	65	-	-	65
	13,381	65	(119)	-	13,327
Total restricted funds	11,619	3,179	(3,519)	(201)	11,078
Total unrestricted funds	-	16	-	-	16
Total funds	11,619	3,195	(3,519)	(201)	11,094

Notes to the Financial Statements for the period ended 31 August 2020 (continued)

Statement of funds (continued)

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

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Trust via the Education and Skills Funding Agency (ESFA) by the Department of Education (DfE). The GAG fund therefore represents the normal running costs of the Trust.

The Pupil Premium fund recognises the restricted funding received from the ESFA to raise the attainment of disadvantaged pupils and close the gap between them and their peers.

The Physical Education (PE) & Sports fund recognises the restricted funding received from the ESFA to make improvements to the quality of the physical education (PE) and sport provided by the schools.

The Other Grants fund refers to any restricted funding received from the DfE or the ESFA that falls outside the scope of the core funding.

The Local Authority grants fund has been set up to recognise the income received from local authorities as a contribution towards the cost of the Trust's revenue expenditure and in relation to Special Educational Needs (SEN), which are funds to assist with meeting the additional cost of supporting pupils with SEN.

The Pension Reserve fund has been created to separately identify the pension deficit inherited from the Local Authority upon conversion and to recognise subsequent movements.

The Other Income fund has been established to recognise all other restricted funding that cannot be classified in the other restricted fund categories.

The Transfer on Conversion fund has been established to reflect the depreciated value of the fixed assets inherited from the local authority upon conversion.

The Capital Grants fund has been established to identify the capital grants received and expended by the Trust.

The Unrestricted Fund recognises the income and expenditure in respect of activities undertaken by the Trust which fall outside of the scope of the core activities.

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	Total 2020 £000
Briary	195
Bysing Wood	53
Holywell	80
Queenborough	528
Central services	(136)
Total before fixed asset funds and pension reserve	720
Restricted fixed asset fund	13,327
Pension reserve	(2,953)
Total	11,094

Notes to the Financial Statements for the period ended 31 August 2020 (continued)

Statement of funds (continued)

Expenditure incurred by each academy during the year was as follows:

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2020 £000
Restricted general funds					
Briary	522	220	18	82	842
Bysing Wood	436	101	24	56	617
Holywell	238	125	28	51	442
Queenborough	562	425	52	87	1,126
Central services	-	290	-	71	361
	<u>1,758</u>	<u>1,161</u>	<u>122</u>	<u>347</u>	<u>3,388</u>

16. Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets	-	-	13,262	13,262
Current assets	16	1,248	65	1,329
Current liabilities	-	(526)	-	(526)
Non-current liabilities	-	(18)	-	(18)
Pension scheme liability	-	(2,953)	-	(2,953)
Total net assets	<u>16</u>	<u>(2,249)</u>	<u>13,327</u>	<u>11,094</u>

17. Capital commitments

	2020 £000
Contracted for, but not provided in the financial statements	<u>26</u>

18. Commitments under operating leases

Operating leases

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

	2020 £000
Amounts due within one year	16
Amounts due between one and five years	<u>21</u>
	<u>37</u>

Notes to the Financial Statements for the period ended 31 August 2020 (continued)

19. Reconciliation of net income to net cash flow from operating activities

	2020 £000
Net income for the reporting period (as per the statement of financial activities)	11,295
Adjusted for:	
Depreciation charges (note 11)	131
Capital grants from DfE and other capital income	(65)
Defined benefit pension scheme obligation inherited	2,521
Defined benefit pension scheme cost less contributions payable (note 24)	209
Defined benefit pension scheme finance cost (note 24)	22
Increase in debtors	(502)
Increase in creditors	544
Net cash provided by operating activities	14,155

20. Cash flows from investing activities

	2020 £000
Fixed assets on conversion	(13,381)
Purchase of tangible fixed assets	(12)
Capital grants from DfE/EFA	65
Net cash used in investing activities	(13,328)

21. Analysis cash and cash equivalents

	2020 £000
Cash in hand and at bank	827
Total cash and cash equivalents	827

22. Analysis of changes in net debt

	Transfers on conversion £000	Cash flows £000	At 31 August 2020 £000
Cash	759	68	827
Debt due within 1 year	(4)	-	(4)
Debt due after 1 year	(18)	-	(18)
Total	737	68	805

23. Conversion to an Academy Trust

On 1 March 2020, Bysing Wood, Holywell, Briary and Queenborough primary schools to academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the EKC Schools Trust from Kent County Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Income from Donations and Capital Grants – transfer from local authority on conversion.

Notes to the Financial Statements for the period ended 31 August 2020 (continued)

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the Statement of Financial Activities.

	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets				
Freehold land and buildings	-	-	11,830	11,830
Leasehold land and buildings	-	-	1,500	1,500
Other tangible fixed assets	-	-	51	51
Current assets				
Cash and other assets	-	759	-	759
Liabilities				
Defined benefit pension scheme liability	-	(2,521)	-	(2,521)
Total net assets	<u>-</u>	<u>(1,762)</u>	<u>13,381</u>	<u>11,619</u>

24. Pension and similar obligations

The 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 pension schemes.

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

Contributions amounting to £63,703 were payable to the schemes at 31 August 2020 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

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

Valuation of the Teachers' pension Scheme

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

- Employer contribution rates are set at 23.68% of pensionable pay (including 0.08% administration levy).
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and the notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million.

Notes to the Financial Statements for the period ended 31 August 2020 (continued)

- The SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.
- The next valuation result is due to be implemented from 1 April 2023.

The Pension costs paid to TPS in the period amounted to £374,782.59.

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £202,439.91, of which employer's contributions totalled £157,811.67 and employees' contributions totalled £44,628.24. The agreed contribution rates for future years are 21 per cent from April 2021 and 22.5% from April 2022 for employers and range from 5.5% to 12.50% for employees.

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

Principal Actuarial Assumptions

	At 31 August 2020	At 1 March 2020
Rate of increase in salaries	3.25%	3.15%
Rate of increase for pensions in payment/inflation	2.25%	2.15%
Discount rate for scheme liabilities	1.65%	1.80%
Inflation assumption (CPI)	2.25%	2.25%

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

	At 31 August 2020	At 1 March 2020
<i>Retiring today</i>		
Males	21.8	21.8
Females	23.8	23.7
<i>Retiring in 20 years</i>		
Males	23.2	23.2
Females	25.2	25.2

	At 31 August 2020 £000	At 1 March 2020 £000
The academy's share of the assets in the scheme were:		
Equities	2,149	1,952
Gilts	22	21
Other Bonds	428	259
Property	364	334
Cash	101	77
Absolute Return Fund	253	223
Total market value of assets	3,317	2,866

Notes to the Financial Statements for the period ended 31 August 2020 (continued)

The actual return on scheme assets was £248,000.

Amounts recognised in the statement of financial activities	2020 £000
Current service cost (net of employee contributions)	368
Net interest cost	22
Total operating charge	390

Changes in the present value of defined benefit obligations were as follows:	2020 £000
Upon conversion	5,387
Current service cost	368
Interest cost	48
Employee contributions	45
Actuarial loss	422
At 31 August	6,270

Changes in the fair value of academy's share of scheme assets:	2020 £'000
Upon conversion	2,866
Current service cost	26
Interest cost	221
Employer contributions	159
Employee contributions	45
At 31 August	3,317

25. Related Party Transactions

Owing to the nature of the Trust 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 the Trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

The Trust received a £125,000 contribution from the EKC Group (for the period 1 March 2020 to 31 August 2020).

The Trust paid the EKC Group £119,522.60 which relates to the salaries for the Chief Executive Officer, Chief Financial Officer and various non-salary costs such as legal fees, insurance and professional fees that the EKC Group purchased on behalf of the Trust at the time of set-up.

No other related party transactions took place in the period of account, other than certain Trustees' expenses already disclosed in note 9.

26. 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 £1, as stated in memorandum and articles of association for the debts and liabilities contracted before he/she ceases to be a member.

27. Central Services

Human resources, finance, facilities management and payroll services were provided by the EKC Group to the Trust and the academies during the period and no central charges arose.