

**Education South West
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year Ended 31 August 2020**

Company Registration Number 7451553

Education South West

Financial Statements

Year Ended 31 August 2020

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Education South West

Reference and Administrative Details

Year Ended 31 August 2020

Members

S Clarke (resigned 6.11.19)
L Chell
N Grodhunce
J Pike
L Winston

Trustees

P Di Giuseppe (Chair)
J Clark (resigned 14.5.20)
J Fothergill
S Gotch (resigned 19.12.19;reappointed 29.1.20)
K Knott (appointed 19.12.19)
R Pope (CEO and Accounting Officer,
resigned 31.8.20)
D Potter
M Shanks (CEO and Accounting Officer,
appointed 1.9.20)
H Smith (resigned 5.12.19)
J Sutton (appointed 1.9.20)
B Taylor
S Tucker
L Yelland

Senior Management Team:

CEO and Executive Principal
Director of Finance and Chief Operating Officer
Director of School Improvement

M Shanks
S White
T Hannon

Executive Head Primary (3)
Principal Coombeshead Academy
Executive Head Primary (3)
Principal Kingsbridge Community College
Principal Dartmouth Academy
Principal Teign School

N Banwell
R Coles
P Girardot
T Graham
E Horne Simpson
S Wharf

Principal and Registered Office

Balkwill Road
Kingsbridge
Devon
TQ7 1PL

Company Registration Number

7451553(England and Wales)

Independent Auditor

PKF Francis Clark
Sutton Harbour,
Plymouth,
Devon,PL4 0RA

Bankers

Lloyds TSB
Kingsbridge
Devon

Solicitors

Wolferstans
60-66 North Hill
Plymouth
PL4 8EP

Education South West

Trustees' Report

Year Ended 31 August 2020

The trustees present their annual report together with the financial statements and auditors' report of the Charitable Company for the year ended 31 August 2020. The annual report serves the purpose of both a trustees' report and a directors' report under company law.

The Trust operates ten academies, comprising three secondaries with sixth form (Kingsbridge Community College, Coombeshead Academy and Teign School), an all-through academy comprising primary and secondary (Dartmouth Academy), and 6 primary academies (Blackawton Primary School, Christow Primary School, Rydon Primary School, Stoke Fleming Primary School, East Allington Primary School and Kingswear Primary School) serving a catchment area in South Devon. It has a pupil capacity of 6,083 and had a roll of 4,596 in the school census in January 2020; the May census was not conducted because of Coronavirus.

Structure, Governance and Management

Constitution

The Multi-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 Trust.

The trustees are also the trustees of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

It is accepted that a well-informed, supportive and challenging Trust Board is an essential prerequisite for a successful Multi Academy Trust. There are five (during the year one resigned and a replacement is being recruited) Members who represent the geographical spread of the Trust. The majority of the trustees are appointed by Members who appoint in accordance with the Terms of Reference and Scheme of Delegation. They must ensure a balance of skills and geographical representation. The trustees in turn approve appointments to Local Governing Bodies. In addition, the Chief Executive Officer is a Director.

The chairman and vice chairman of the Board are elected annually according to the process outlined in the Board's Terms of Reference.

Policies and Procedures Adopted for the Induction and Training of Trustees

All new trustees are assigned an experienced trustee mentor to assist them in taking on new responsibilities. They are booked on to essential training courses (e.g. interpreting data). We subscribe to the national training and information organisation, the National Governors' Association, in order to

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Trustees' Report

Year Ended 31 August 2020

give trustees access to updates in national policy and access to essential documents and policy changes. We organise a programme of Governor Training and Forum sessions as a Trust.

Organisational Structure

There are five Members of the Trust. Vacancies are filled by the remaining Members. As guardians of the Trust's ethos and values, their primary function is to have oversight of the governance arrangements of the Trust and to challenge the Board. They have powers to appoint and remove trustees and determine changes to the Articles of Association. They meet several times each year.

The Board is responsible for the management of the Trust and its academies. It determines the strategic direction of the Trust. A minimum of six Board meetings are scheduled annually to oversee finance, educational standards, safeguarding and other matters.

The Board delegates the day to day running of the Trust and the academies to the Chief Executive Officer who has the executive responsibility for implementing Trust Board policies and decisions. From September 2020 a new post of Director of School Improvement has been created. The Director of Finance and Chief Operating Officer reports to the Chief Executive Officer and leads the central Shared Services of Finance, Information Technology, Human Resources, Facilities Management, Catering, Procurement, Marketing, Data and Administration.

In accordance with the Academy Financial Handbook, the trustees appointed the CEO as the Accounting Officer and the Director of Finance and Chief Operating Officer as the Principal Finance Officer.

All Trust academies have Local Governing Bodies. They challenge the academy head teachers and are tasked by the Board to scrutinise the activities of their academies, focusing on safeguarding, achievement and school improvement. They identify risks and propose budgets to the Board for approval.

Arrangements for setting pay and remuneration of key management personnel

All senior managers follow an annual appraisal process as set out in the Appraisal Policy. This involves setting targets for the year and then a review process to assess achievement. This then leads to a pay recommendation which is put for scrutiny and approval to a Remuneration Committee, made up of trustees from the Board.

The Trust does not operate a bonus scheme. Performance Management is carried out by that person's line manager; in the case of the CEO, this is carried out by the Chair of the Board and other trustees.

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Trade union facility time

In accordance with the Trade Union (Facility Time Publication Requirements) Regulations 2017, the following tables summarise the time spent by employees on facility time.

Relevant union officials

Number of employees who were relevant union officials during the period	Full time equivalent employee number
6	5.05

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	-
Total Pay Bill	-
Percentage of pay bill spent on facility time	-

Paid trade union activities

Time spent on paid trade union activities	-
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Connected Organisations, including Related Party Relationships

Kingsbridge Academy is a designated National Teaching School. Staff at the South West Teaching School Alliance (SWTSA) are employed by Education South West. SWTSA continues to work with other partners, including the University of Exeter, to lead an alliance of secondary, primary and special schools in the South West in order to raise standards for all students.

SWTSA was an integral partner in establishing one of the first teaching school hubs, Teaching Schools South West (TSSW). The Director of TSSW and the Strategic Lead are employees of Education South West.

Teaching Schools develops new approaches to initial teacher training, promotes professional development for staff, nurtures future school leaders and helps support schools that are in challenging circumstances. The TSSW hub is responsible for developing training and supporting 317 schools.

Five registered charities (note 12) organised by parents, staff and other members of the community have as their object raising funds for particular academies within the Trust.

Engagement with employees (including disabled persons)

This reporting period has been dominated by COVID-19 for which detailed workplace risk assessments were defined and revised as Government guidelines were revised. The Trust ensured that the risk assessments were reviewed in consultation with all staff, and the Trustees delegated the consultation process to the Heads for schools and the Director of Finance and COO for Shared Services staff. The Trust developed a Trust wide risk assessment model which ensured that all staff in the Trust were aware

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Trustee's Report

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of the impact of the guidelines on the workplace; where relevant school specific addendums to this risk assessment were created to reflect specific circumstances for each school.

Leaders of each school regularly inform school staff of the educational status of each of the schools. This year the teaching staff were directly involved in the process of setting teacher assessed grades, because examinations were cancelled and were therefore an integral part of the of the information flow in this respect. The development of online curriculum strategies, mapped to the Oak National Academy, were created in direct collaboration with staff, forming the basis of the continuity of education planning for this and the next reporting period.

Trust policies, including recruitment and selection, accessibility, equality and managing sickness and absence include policy with respect to the inclusion and support of disabled staff. The Trust is committed to ensure that throughout recruitment and selection, no applicant is disadvantaged or discriminated against because of protected characteristics including disability; exceptions are roles which require the performance of tasks which the person cannot be supported to carry out. The Trust ensures equality of career development and opportunity for all staff. In instances where staff become disabled during employment with the Trust, wherever possible, adjustments are made to support the continuity of employment.

Engagement with suppliers, customers and others in a business relationship with the Trust

In line with Objects and Aims the core group of customers of the Trust are the students who attend our schools and, by extension, their parents. Engagement with the students is a matter of day to day practice; engagement with parents, is both proactive and reactive, ensuring that parents are provided with information in respect to their child's educational performance, special educational needs and pastoral support requirements. Parents evenings also provide a scheduled communication between parents, teachers and students.

Procurement for the Trust is centrally managed and as referenced in the Strategic Report section of this Trustee's report a developed network of suppliers is in place.

The wider community are encouraged to make use of the Trusts facilities outside of core school hours. Approximately 100 community groups, including sport, drama and other leisure activities, involving children and adults, use the Trusts facilities throughout the year. The COVID-19 context has introduced challenges, but the Trust has worked with community groups to develop risk assessments to support the restart of as many groups as possible.

Objectives and Activities

Objects and Aims

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 ("the mainstream Academies") offering a broad and balanced curriculum 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 provision is made for them or 16 to 19 Academies offering a curriculum appropriate to the needs of its students or schools specially organised to make special educational provision for pupils with Special Educational Needs.

Our aims and aspirations

Our vision: Working together so children can lead great lives

Our values

- We build trust through our moral purpose, integrity and mutual respect

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- We believe in equality of opportunity and the potential of every person to make outstanding progress, whatever their situation or starting point
- We work together to build a cohesive identity which is rooted in the individual identity of each school

Our aims

- To challenge and support each school through our leadership and governance
- To provide cost-effective support services which add value for learning

In order to ensure outstanding teaching, we:

- Recruit and train the best staff
- Develop them through outstanding programmes of professional development across Education South West
- Retain them through opportunities for growing as leaders

Our Schools are great when

- The academic achievement of each individual is excellent
- We educate the whole person to seize the opportunities life offers
- Excellence is sustainable through the years

Objectives, Strategies and Activities

By capitalising on our collective strength and resources, we:

- Raise the academic achievement and personal growth of all our students.
- Improve the quality of teaching and learning by providing better opportunities for staff to create new knowledge and develop skills.
- Provide better support services at improved value for money to increase resources for teaching and learning.
- Recruit and retain higher quality staff by offering opportunities across the group.
- Support and hold each academy to account through stronger governance.
- Build a cohesive identity rooted in the unique identity of each academy.

Public Benefit

The trustees have ensured through review and monitoring of the activities of each Academy within its Trust that the primary objective of the Academy Trust to provide education for the public benefit has been met.

Strategic Report

Achievements and Performance

The results in primary and second schools were impacted upon by COVID-19. Lack of public examinations resulted in teacher assessment being used for primary children, and grades issued by Ofqual for GCSE and A level. Grades at GCSE were increased by as much as 10% as a result of the Ofqual/DfE algorithm. We expected to see uplift in all outcomes at GCSE and A level in all our schools and leaders were disappointed not to have seen the hard work of staff and children confirmed through the normal examination processes. The 'results' cannot be compared to previous years.

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The COVID-19 crisis created the immediate need to support remote education of our students. The Trust was able to harness work already being done to develop online resources and capitalise on the networks of schools with which the Trust already collaborates, including rapid development of teacher's IT skills with support from ESW's in house IT team and support from an "EdTech" partner. (EdTech is a programme set up by the Department for Education to promote remote learning). The Trust has directly contributed to and benefitted from the development of online lessons collaborating with the Oak National Academy (created in April 2020 in response to the COVID-19 crisis) providing a specialist leader in geography.

The previously planned implementation of the online computer based Sparx System to support the delivery of maths was particularly timely given the events which unfolded. Notwithstanding COVID-19, the impact on the development of Maths teaching and learning has been positive for key stage 3 groups and in 20-21 will be extended to key stage 4.

The Shared Services support teams ensured a stable operating platform on which educational delivery could continue to be delivered immediately following lock down on the 23.3.20. Financial control and management of resources has remained robust, and the expertise residing in the facilities and compliance team enabled rapid development of workable risk assessment models to support the operations of the Trust and the preparations for full re-opening of schools in September 2020.

Risk Management

The trustees use the Risk Register as defined in the Academy Financial Handbook to evaluate strategic and reputational, operational, compliance, and financial risks to which the Academy Trust is exposed and have ensured that the management structure, systems and controls are in place to manage these risks, as well as insurance to cover financial loss and legal exposure.

Going Concern

At the year end the Trust held £4,730k in cash; at 30.9.20, 31.10.20 and 18.11.20 cash balances were respectively £5,181k, £4,961k and £6,664k. Cash levels are predicted to remain at a similar level throughout the year and at the end of August 2021 are estimated to be £5,090k.

The Trust has prepared a budget for 20/21 showing a planned surplus before depreciation and FRS102 adjustments of £636k. This does not factor into account the impact that COVID-19 may have upon results because at the time of budgeting it was impossible to forecast whether or not there would be a continued impact of COVID-19. The potential surplus will be consolidated with reserves carried forward at the end of 31 August 2020 of £1,640k on the general restricted fund and £1,642k on the unrestricted fund.

COVID-19 will impact the 20/21 budgeted surplus to some extent, although at present the overall effect is unknown given the continued uncertainty with respect to the effect of COVID-19 on schools. If schools continue to stay open and Key Stage 4 and 5 examinations go ahead, and COVID restrictions prevail, the salient areas of income and expenditure which will be negatively impacted are income from community use lettings, net catering revenue surplus and costs of additional cleaning staff time and associated cleaning consumables and sanitisation products. If schools closed during the 20-21 and/or examinations were cancelled, whilst net catering revenue and income from community use lettings would be negatively impacted, reductions in curriculum, transport and school administration spending, utility and premises costs (including cleaning), would offset this, along with refunds on cancelled examinations and potentially the furloughing of catering staff (should a Government scheme exist at that time).

If the negative variances to budget, arising from COVID-19 in September 2020 were extrapolated for the whole of 20-21 this would give rise to negative impacts of £190,000 on cleaning staff and related cleaning and sanitisation products, £140,000 reduction of net catering revenue, and £60,000 of lost earnings related to community use lettings.

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The Trust commenced the financial period 20-21 with £3.28 million in reserves, as noted above, and a cash balance of £4.7 million. This strong financial position is complemented by the normal detailed and continuous annual financial forecasting reported to the Finance Committee each month; in addition a three year rolling financial forecast maintained to ensure the long term is managed in conjunction with financial management decisions taken in the current period to manage the outcome. Budgeted spending decisions are continually reviewed to mitigate the impact of negative variances arising in the current period because of COVID-19, and in October 2020 £186,000 of project related expenditure has been deferred.

Taking into account the level of reserves and cash balances held by the Trust, along with the strong financial management and monitoring, the trustees are of the opinion that there are no material uncertainties in relation to going concern and they consider that the Trust has adequate financial resources to continue in operational existence for the foreseeable future. For this reason, the Trust 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.

Promoting the success of the company

The trustees are responsible for promoting the success of the charity to achieved its charitable purposes, included with the Objects and Aims section of this trustee's report.

The Governance Statement included within this Annual Report defines the mechanisms through which the trustees ensure appropriate governance of the Trust. The trustees key role is holding the CEO to account for the continued improvement of educational outcomes and the stability of the financial status of the Trust. The trustees ensure that strategic planning with respect to organisation, development of educational provision and sound financial planning, will deliver a sustained development path for the Trust.

Key Financial Performance Indicators

The key financial performance indicator for the Trust is the adherence to the financial budget set at the beginning of the year. Excluding any generated funds, all income for the Academy is Government or Local Authority funded and therefore the income of the Academy is largely a given.

An expenditure budget is set at the beginning of the year, taking into consideration the level of Government funding. The trustees have reviewed detailed capital and revenue expenditure reports compared to expenditure budgets, which confirms that the processes and procedures in place for controlling expenditure are acceptable.

Financial Review

The Trust held fund balances at 31 August 20 of £55,560,000 (2019 - £56,519,000) comprising £53,918,000 (2019 - £55,185,000) of restricted funds and £1,642,000 (2019 - £1,334,000) of unrestricted funds. A pension reserve deficit on the Local Government Pension Scheme of £18,246,000 (2019 - £16,460,000) is included in the restricted funds balance.

In accordance with the Funding Agreement, the principal source of general funding with which to finance the operations of the Academy Trust, is the Department for Education. £159,000 (2019 - £238,000) of general funding was spent on tangible fixed assets and £8,000 (2019 - £5,000) on intangible fixed assets.

The Trust spent £2,533,000 on tangible fixed assets. £1,987,000 of this was spent on buildings, which included the completion of the new Science block at Teign School, perimeter fencing at Kingsbridge Community College and general refurbishment across the Trust's schools.

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During the year the Trust has not undertaken restructuring to reduce staffing costs and £NIL (2019 - £79,000) redundancy costs were incurred in the period.

Principal Risks and Uncertainties

The principal risk facing the Trust is the future level of Government Funding and the continued impact of COVID-19. These risks are managed by rigorous financial management and careful control over budgeted expenditure which ensures that a deficit does not arise for the year, combined with a prudent reserves policy.

Reserves

As at 31 August 2020, excluding fixed asset funds and pension deficits, £1,640,000 (2019 - £860,000) of restricted funds and £1,642,000 (2019 - £1,334,000) of unrestricted funds were held.

Restricted funds carried forward comprise Other Dfe/ESFA grants £221,000 and Other Grants £401,000. £218,000 of the Other Dfe/ESFA balance carried forward is held as a reserve to protect against financial risk.

Other Grants balance carried forward are specific funds, which includes £18,000 redundancy reserve for Nursery Outreach, a performing arts grant £11,000, School Improvement £21,000, £63,000 relating to collaborative work with other schools, £23,000 connected with Research School, and £40,000 primary schools partnership fund.

Unrestricted funds are held to provide funds for essential capital replacement and to support the future stability of the Trust in the face of falling education funding and challenges with respect to maintaining the roll.

Investment Policy

The Trust has no investments other than cash balances. In the event that surplus funds are available which are not required for immediate working capital use in the day to day running of the Trust, these funds are invested in instant access bank deposit accounts. The Trust's current account is held by Lloyds Bank; at 31 August 2020, £500,000 is held on deposit at Virgin Money.

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use date for the period 1 September 2019 to 31 August 2020	
Energy consumption used to calculate emissions (kWh)	5,398,108
Energy consumption break down (kWh)	
• gas	3,148,295
• electricity	2,126,879
• transport fuel	122,934
<u>Scope 1 emissions in metric tonnes CO2e</u>	
Gas consumption	558.5
Owned Transport	16.5
Total Scope 1	575.0
<u>Scope 2 emissions in metric tonnes CO2e</u>	
Purchased electricity	436.9
<u>Scope 3 emissions in metric tonnes CO2e</u>	
Business travel in employee owned vehicles	13.5
Total gross emissions in metric tonnes CO2e	1,049.2
<u>Intensity ratio</u>	
Tonnes CO2e per pupil	0.215

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Quantification and Report Methodology:

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the CHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting

Intensity measurement:

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO₂e per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency:

It is worth noting that energy consumption is expected to be below typical this year due to the reduced occupancy across all sites following COVID-19 restrictions from 23rd March 2020. Despite this temporary reduction in energy use, the trust is committed to reducing longer term emissions and this year has seen the implementation of numerous energy efficiency measures, some of which include:

- Coombeshead Primary Academy: Installation of LED lighting across 15 different areas of the school, a project to move the TREND sensor to have more control over the heating, repair of the theatre boiler and the installation of a sensor to control the sports hall hot water.
- Kingswear Primary: replacement of heaters and the installation of lighting sensors.
- Stoke Fleming Primary: replacement of heater to those of a more efficient type and installation of LED lighting in areas of the school.
- Teign school: replacement of the Hot Water plate heat exchanger to one that is more efficient, boiler and pump repairs.
- East Allington Primary school: replacement of LED lighting in the Foundation Unit.
- Kingsbridge Community College: LED panels installed along with lighting controls, repositioning of the thermostat for more efficient control and the installation of energy efficient electric showers (replacing an old tank).

Plans for Future Periods

Matthew Shanks was appointed CEO with effect 1.9.20 and will lead the Trust in the next phase of development, ensuring that all schools in the Trust deliver educational excellence, as well as further extending the reach of the Trust to work with other academies as well as local authority schools. The appointment of a Director for School Improvement from September 2020 will provide extra capacity to the school improvement work already taking place within the Trust and with schools external to the Trust.

The Secretary of State has approved the transfer of the South Devon University Technical College (UTC) to Education South West with effect 1.1.21. This is part of a programme of integrating UTCs into successful multi-academy trusts enabling UTCs to benefit from the educational support and operational efficiencies to support to the continued growth of vocational educational pathways for students. A restructure of the curriculum and an integration of curriculum delivery with other ESW schools will commence from 1.9.21.

The Trust will continue to build on the successes in delivering online learning to students forced to study from home because of COVID-19 to ensure a continuous and uninterrupted delivery of education to the students whatever circumstances arise in 2020-21. Recognising the limitations of Government solutions with respect to the timeliness and quantity of additional computers to enable remote learning for students with no or inadequate access to IT, the Trust has directed additional financial resources to support this.

Our overall Trust improvement priorities remain: continued development of a collaborative curriculum; further developing incremental coaching to develop staff; and becoming a Rights Respecting Schools

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Year Ended 31 August 2020

Trust. The Trust recognises the significant challenges impacting the capacity of school leaders to balance the considerable impact of operationally managing school settings and the students in them under COVID-19 guidelines, and to help to mitigate this, leadership responsibilities have been further distributed; the Director of School Improvement is working directly with school leaders where particular attention is warranted. In addition, and partially supported by the Governments COVID-19 Catch Up Grant, additional staffing resources have been secured to support intervention and catch up teaching across all schools in the Trust. Whilst recognising the challenges within the Trust, the Trust will continue where possible and not to the detriment of the Trust's schools continue to export advice, resources and support to other schools and local authorities to help to address challenges faced by those organisations.

Fundraising

The Academy Trust's fundraising activity is limited to events held at the school which are managed by the school leadership team. These events typically involve staff, students, parents and members of the local community in raising funds for the school fund account, school equipment or in support of another designated charity. This activity was impacted by COVID-19, with the cessation of all community use of school facilities since 23.3.20.

Auditor

In so far as the trustees are aware:

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

The Trustees' Report, incorporating a Strategic Report was approved by order of the Board on 9th December 2020 and signed on its behalf by:



.....
Peter Di Giuseppe
Chair

Education South West

Governance Statement

Year Ended 31 August 2020

Scope of Responsibility

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

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

The trustees have delegated the day-to-day responsibility to the CEO, 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 Education South West and Secretary of State for Education. He is also responsible for reporting to the trustees any material weaknesses or breakdown 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 full Trust Board has formally met eight times during the year. Attendance during the year at meetings of the board was as follows:

Trustee	Meetings attended	Out of a possible
P Di Giuseppe (Chair)	8	8
J Clark	2	5
J Fothergill	7	8
S Gotch	3	4
K Knott	4	5
D Potter	6	8
R Pope	8	8
M Shanks	8	8
H Smith	0	2
B Taylor	8	8
S Tucker	7	8
L Yelland	7	8

The Finance Committee formally met 4 times during the period. Attendance during the year at meetings of the Finance Committee was as follows:

Governor/Trustee	Meetings attended	Out of a possible
J Fothergill (Chair)	4	4
N Bustin	1	1
S Chakraborty	0	2
P Di Giuseppe	4	4
A Hines	1	1
M Jones	2	4
R Pope	4	4
M Shanks	3	4
M Wheatley	4	4
L Yelland	3	4

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Governance Statement

Year Ended 31 August 2020

Review of Value for Money

As accounting officer, the chief executive 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 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.

Notwithstanding the fact that COVID-19 has overshadowed this financial period, the Trusts strong financial position combined with decisive management action in response, has led to rapid but considered redeployment of resources, including staff, to best support the ongoing education of the students in our care. Operational decisions, including furloughing catering staff, were planned and executed quickly to ensure maximisation of financial resources, including access to additional grants.

Continuous investment in professional development of teaching and support staff has ensured a staff which were able to act quickly and adeptly to capitalise on a stable and industry standard IT platform to deliver online resources and teaching ensuring continued and uninterrupted delivering of education.

The Trust's developed procurement network of suppliers together with the efficacy of the procurement and facilities leaders, ensured that ESW was able to quickly mobilise the support of the supply chain in particular with respect to the purchase of IT equipment, teaching resources and essential specialist hygiene and cleaning consumables which were generally in short supply for a period of months. None of the Trusts schools was not able to operate because of lack of essential resources. Accessing a network of suppliers ensured that the Trust did not have to pay excessive charges because of supply constraints; over £30,000 of sanitiser and related products were secured free of charge from businesses with whom the Trust has standing relationships.

Rigorous financial planning was not sacrificed as the Trust prepared for 2020-21, ensuring that resources were carefully allocated to support the changing context. The assignment of resources to a Director of School Improvement provides additional support to ensure the maximisation of impact on teaching and learning as the Trust continues to operate in exceptional times.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Education South West for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The trustees have reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ended 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.

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Trustee's Report

Year Ended 31 August 2020

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 trustees;
- regular reviews by the trustee assigned to Finance and the Finance Committee, and the Board, of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and decided to appoint M. Wheatley, a member of the Finance Committee to carry out a programme of internal checks on the Trust's financial systems and processes. The checks carried out in the current period included:

- testing of cash banking
- review of claim authorisations
- review of debt recovery and sales ledger management
- review of aged creditors and payment of suppliers
- review of authorisation of expenditure
- review of suspense accounts

Following each visit, a report is forwarded to the Chair of the Finance Committee, and annually a report encompassing all of the reports is presented to the Finance Committee. The planned schedule of works has been carried out and no control issues have arisen.

Review of Effectiveness

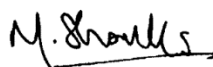
As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- regular update meetings with the Director of Finance & Chief Operating Officer, setting of budgets, and detailed review of management information;
- the requirement of the Director of Finance & Operations to provide detailed financial reports to the Board and the Finance Committee
- review of the reports of the internal controls reviewer which have not given rise to any internal control weaknesses.

Approved by order of the Board on 9th December 2020 and signed on its behalf by:



Peter Di Giuseppe
Chair



Matthew Shanks
Accounting Officer

Education South West

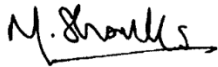
Statement on Regularity, Propriety and Compliance

Year Ended 31 August 2020

As accounting officer of Education South West, I have considered my responsibility to notify the Trust Board and the Education and Skills Funding Agency of material irregularity, impropriety and noncompliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Academy Trust governing body 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 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.



Matthew Shanks
Accounting Officer

Education South West

Statement of Trustees' Responsibilities

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 2019 to 2020 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 its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019-20;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

The trustees are responsible for the maintenance and integrity of the 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 the Board on 9th December 2020 and signed on its behalf by:



Peter Di Giuseppe
Chair

Education South West

Independent Auditor's Report on the Financial Statements to the Members of Education South West

Year Ended 31 August 2020

Opinion

We have audited the financial statements of Education South West (the 'Academy') for the year ended 31 August 2020, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Academy 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'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 auditor's report 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.

Education South West

Independent Auditor's Report on the Financial Statements to the Members of Education South West

Year Ended 31 August 2020

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 for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report 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 company 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.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 16], the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Education South West

Independent Auditor's Report on the Financial Statements to the Members of
Education South West

Year Ended 31 August 2020

Use of our report

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



.....
Duncan Leslie (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

North Quay House
Sutton Harbour
Plymouth
Devon
PL4 0RA

Date: ...15/12/2020.....

Education South West

Independent Reporting Accountant's Assurance Report on Regularity to Education South West and the Education and Skills Funding Agency

Year Ended 31 August 2020

In accordance with the terms of our engagement letter dated 17 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 Education South West during the year 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 Education South West and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to the Education South West 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 Education South West and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Academy Trusts funding agreement with the Secretary of State for Education 20th December 2010 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 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 Annual Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency. 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:

- inspection and review of documentation providing evidence of governance procedures
- evaluation of the system of internal controls for authorisation and approval
- performing substantive tests on relevant transactions

Education South West

Independent Reporting Accountant's Assurance Report on Regularity to Education South West and the Education and Skills Funding Agency

Year Ended 31 August 2020

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 year from 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.



..... Date : ...15/12/2020.....

D Leslie

PKF Francis Clark, Chartered Accountants

North Quay House, Sutton Harbour, PLYMOUTH, Devon, PL4 0RA

Education South West

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 2020 £000	Total 2019 £000
Income & endowments from:						
Donations and capital grants	2	36	13	1,187	1,236	1,259
Charitable Activities						
Funding for the Academy's educational operations	5	949	25,437	-	26,386	26,028
Teaching schools		-	213	-	213	78
Other Trading Activities	3	450	171	-	621	740
Investments	4	5	-	-	5	6
Total		1,440	25,834	1,187	28,461	28,111
Expenditure on:						
Raising funds	6	23	-	-	23	39
Charitable activities:						
Academy's educational operations	7	1,054	25,490	1,891	28,435	28,715
Teaching Schools		-	202	-	202	88
Total	6	1,077	25,692	1,891	28,660	28,842
Net (expenditure)/income before transfers		363	142	(704)	(199)	(731)
Gross transfers between funds	19	(215)	(228)	443	-	-
Net (expenditure)/income for the year		148	(86)	(261)	(199)	(731)
Other recognised gains and losses						
Actuarial (loss) on defined benefit pension schemes	19,28	-	(760)	-	(760)	(2,676)
Net movement in funds		148	(846)	(261)	(959)	(3,407)
Reconciliation of funds						
Funds brought forward at 1 September 2019		1,334	(15,600)	70,785	56,519	59,926
Funds carried forward at 31 August 2020		1,482	(16,446)	70,524	55,560	56,519

Education South West

Statement of Financial Activities for the year ended 31 August 2019 (including Income and Expenditure Account)

The statement on this page provides the detailed comparatives for the year ended 31 August 2019.

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000
Income & endowments from:					
Donations and capital grants	2	4	40	1,215	1,259
Charitable Activities					
Funding for the Academy's educational operations	5	1,403	24,625	-	26,028
Teaching schools		-	78	-	78
Other Trading Activities	3	520	220	-	740
Investments	4	6	-	-	6
Total		1,933	24,963	1,215	28,111
Expenditure on:					
Raising funds	6	39	-	-	39
Charitable activities:					
Academy's educational operations	7	1,264	25,562	1,889	28,715
Teaching Schools		-	88	-	88
Total	6	1,303	25,650	1,889	28,842
Net (expenditure)/income before transfers		630	(687)	(674)	(731)
Gross transfers between funds	19	14	(397)	383	-
Net income/(expenditure) for the year		644	(1,084)	(291)	(731)
Other recognised gains and losses					
Actuarial (loss) on defined benefit pension schemes	19,28	-	(2,676)	-	(2,676)
Net movement in funds		644	(3,760)	(291)	(3,407)
Reconciliation of funds					
Funds brought forward at 1 September 2018		690	(11,840)	71,076	59,926
Funds carried forward at 31 August 2019		1,334	(15,600)	70,785	56,519

Education South West

Balance Sheet as at 31 August 2020
Registration number 7451553

	Notes	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Intangible assets	13		37		55
Tangible assets	14		69,720		69,052
Current assets					
Stock	15	150		69	
Debtors	16	1,275		1,117	
Cash at bank and in hand		4,730		4,788	
		<u>6,155</u>		<u>5,974</u>	
Creditors: Amounts falling due within one year	17	<u>(2,060)</u>		<u>(2,045)</u>	
Net current assets			<u>4,095</u>		<u>3,929</u>
Totals assets less current liabilities			<u>73,852</u>		<u>73,036</u>
Creditors: Amounts falling due after more than one year	18		(46)		(57)
Net assets excluding pension liability			<u>73,806</u>		<u>72,979</u>
Pension scheme liability			(18,246)		(16,460)
Total net assets			<u>55,560</u>		<u>56,519</u>
Funds of the academy Trust:					
Restricted funds					
Fixed asset funds	19		70,524		70,785
General funds	19		1,640		860
Pension reserve	19		(18,246)		(16,460)
Total restricted funds			<u>53,918</u>		<u>55,185</u>
Unrestricted funds	19		<u>1,642</u>		<u>1,334</u>
			<u>1,642</u>		<u>1,334</u>
Total funds			<u>55,560</u>		<u>56,519</u>

The financial statements on pages 22-49 were approved by the trustees, and authorised for issue on 9 December 2020 and are signed on their behalf by:



Peter Di Giuseppe
Chair

Education South West

Statement of Cash Flows for the year ended 31 August 2020

	Notes	2020 £000	2019 £000
Cash flows from operating activities			
Net cash provided by operating activities	22	1,291	1,830
Cash flows from investing activities	24	(1,349)	337
Cash flows from financing activities	23	-	-
Change in cash and cash equivalents in the reporting period		(58)	2,167
Cash and cash equivalents as 1 September 2019		4,788	2,621
Cash and cash equivalents as 31 August 2020	25	4,730	4,788

Education South West

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

1. Statement of Accounting Policies

Basis of Preparation

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

Education South West meets the definition of a public benefit entity under FRS102.

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 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 Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted general fund. Capital grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grants are reflected in the balance in the restricted fixed asset fund.

- **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where the receipt is probable and the amount can be reliably measured.

- **Donations**

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured. Donations in kind are recorded as unrestricted income.

- **Other income**

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

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

Education South West

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

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.

Intangible Fixed Assets

Intangible assets are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost, and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life. The only intangible assets owned by the Trust are computer software for which the expected useful life coincides with the terms of the license.

Tangible Fixed Assets

Assets are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 Trust's depreciation policy.

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

Computer equipment	20%
Plant and equipment	33%
Fixtures and fittings	25%
Motor Vehicles	33%

Buildings are depreciated over 50 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.

Education South West

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

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.

Stock

Stocks of catering provisions, cleaning consumables, and stationary are valued at cost.

Financial Instruments

The Academy Trust only holds basic financial instruments as defined in FRS102. 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 16. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

The Academy Trust is 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 Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

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

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. 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 and the contributions recognised as they are paid each year.

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 gains and losses on settlements and curtailments. They are included as part of staff costs.

Education South West

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

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 on 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 the Education and Skills Funding Agency and other funders 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.

Critical accounting estimates and areas of judgement

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.

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 28 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 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.

Agency Arrangements

The Trust acts as 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 Academy Trust can use up to 2% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 30.

Education South West

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

2 Donations and capital grants

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2020	Total 2019
	£000	£000	£000	£000	£000
Donated Capital funds	-	-	31	31	-
Devolved Formula Capital allocations	-	-	117	117	118
Other donations	36	13	-	49	44
Schools Condition Allocation	-	-	1,039	1,039	843
Other ESFA Capital Funds	-	-	-	-	254
	<u>36</u>	<u>13</u>	<u>1,187</u>	<u>1,236</u>	<u>1,259</u>

3 Other Trading Activities

	Unrestricted Funds	Restricted General Funds	Total 2020	Total 2019
	£000	£000	£000	£000
Educational lecturing/consultancy	156	-	156	205
Community & Letting income	134	-	134	157
Miscellaneous income	160	-	160	158
Student Transport Income	-	1	1	4
Preschool Income	-	116	116	153
Student contributions	-	54	54	63
	<u>450</u>	<u>171</u>	<u>621</u>	<u>740</u>

4 Investment Income

	Unrestricted Funds	Restricted General Funds	Total 2020	Total 2019
	£000	£000	£000	£000
Interest on short term deposits	5	-	5	6
	<u>5</u>	<u>-</u>	<u>5</u>	<u>6</u>

Education South West

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

5 Funding for Academy's educational operations

	Unrestricted Funds	Restricted General Funds	Total 2020	Total 2019
	£000	£000	£000	£000
DfE / ESFA revenue grants				
General Annual Grant (GAG)	-	21,591	21,591	21,462
Start Up Grants	-	-	-	-
Other DfE / ESFA grants	-	2,524	2,524	1,549
	<u>-</u>	<u>24,115</u>	<u>24,115</u>	<u>23,011</u>
Other Government grants				
SEN from LA	-	355	355	337
Other Funds from LA	-	350	350	518
Other Income	-	261	261	262
Exceptional Government Funding				
COVID-19 Job Retention Scheme	-	160	160	-
	<u>-</u>	<u>1,126</u>	<u>1,126</u>	<u>1,117</u>
Other Income				
Catering Income	949	-	949	1,403
Other Income	-	196	196	497
	<u>949</u>	<u>196</u>	<u>1,145</u>	<u>1,900</u>
	<u>949</u>	<u>25,437</u>	<u>26,386</u>	<u>26,028</u>

The academy 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 "exceptional government funding". The academy furloughed its catering staff under the Government's CJRS. The funding received of £160,000 relates to staff costs which are included with note 8 below.

6 Expenditure

	Staff Costs	Non Pay Expenditure		Total 2020	Total 2019
	£000	Premises £000	Other Costs £000	£000	£000
Expenditure on raising funds					
Allocated support costs	-	-	23	23	39
Academy's educational operations					
Direct costs	18,041	-	1,558	19,599	19,155
Allocated support costs	4,143	2,931	1,762	8,836	9,481
Redundancy costs	-	-	-	-	79
Teaching Schools	63	-	139	202	88
	<u>22,247</u>	<u>2,931</u>	<u>3,482</u>	<u>28,660</u>	<u>28,842</u>

Education South West

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

6 Expenditure continued

Net Income/(expenditure) for the year includes:

	2020	2019
	£000	£000
Fees payable to auditor - audit	18	18
Fees payable to auditor - other services	7	6
Depreciation	1,865	1,865
Amortisation of intangible fixed assets	26	24
Operating Leases – plant and machinery	45	50
	<hr/> 45	<hr/> 50

7 Charitable Activities

	Total	Total
	2020	2019
	£000	£000
Direct Costs – educational operations	19,599	19,169
Support Costs – educational operations	8,836	9,546
	<hr/> 28,435	<hr/> 28,715

Analysis of support costs

	Educational	Total	Total
	Operations	2020	2019
	£000	£000	£000
Support Staff Costs	4,143	4,143	4,366
Depreciation	1,865	1,865	1,865
Technology Costs	223	223	267
Premises Costs	1,066	1,066	1,128
Other Support Costs	1,497	1,497	1,879
Governance Costs	42	42	41
Total Support Costs	<hr/> 8,836	<hr/> 8,836	<hr/> 9,546

Education South West

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

8 Staff costs

Staff costs during the period were:

	2020	2019
	£000	£000
Wages and salaries	16,321	16,096
Social security costs	1,548	1,512
Pension costs	4,114	3,519
	21,983	21,127
Supply teacher costs	264	230
Redundancy costs	-	79
	22,247	21,436

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

	2020	2019
	No.	No.
Teachers	281	305
Education support	218	206
Administration and support	143	156
Management	27	27
	669	694

Higher Paid Staff

The number of employees whose emoluments exceed £60,000 was :

	2020	2019
	No.	No.
£60,001 - £70,000	10	2
£70,001 - £80,000	3	4
£80,001 - £90,000	1	-
£90,001 - £100,000	3	3
£100,000 - £110,000	1	-
£110,000 - £120,000	1	1

Of the above employees, 18 (8, 2019) participated in the Teachers' Pension Scheme. During the year ended 31 August 2020, pension contributions for these employees amounted to £296,038 (£105,797, 2019).

Education South West

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

Key management personnel

The key management personnel of the Trust comprise the trustees, the senior management team listed on page 1, and the leadership teams of each academy in the Trust. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Trust was £2,483,578 (2019: £2,093,003).

9 Central Services

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

- human resources
- financial, accounting and procurement services
- legal services
- management of the catering operation
- facilities management
- IT services
- communications and marketing
- educational support services

The staff and related costs with respect to the provision of these services is allocated to the individual academies in the Trust according to affordability, shared based on core pupil funding as a proportion of the total core pupil funding for the Trust.

The actual amounts charged during the year were as follows:

	2020	2019
	£000	£000
Kingsbridge Academy	557	494
Dartmouth Academy	214	176
Blackawton Primary School	43	37
Stoke Fleming Primary School	47	38
East Allington Primary School	33	27
Kingswear Primary School	24	23
Coombeshead Academy	457	393
Teign School	405	375
Rydon Primary School	133	116
Christow Primary School	33	26
	1,946	1,705

10 Related Parties Transactions - Trustees' remuneration and expenses

Trustees only receive remuneration in respect of services they provide undertaking the roles of CEO, Executive Principals and Director of Education and not in respect of their services as trustees. Local governors did not receive any payments from the Trust in respect of their role as governors. The value of the trustees' remuneration and other benefits was as follows

Education South West

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

R Pope (CEO and Executive Principal):

Remuneration £90,000-£100,000 (2019: £90,000-£100,000)
Employers pension contributions £NIL (2019: £NIL)

During the year R Pope earned for the Trust £26,600 from system leader roles as a National Leader of Education and Teaching Schools and as a consultant to the Department for Education.

M Shanks (Director of Education and Executive Principal):

Remuneration £110,000-£120,000 (2019: £110,000-£120,000)
Employers pension contributions £25,000-£30,000 (2019: £15,000-£20,000)

During the year M Shanks earned for the Trust £18,000 from roles as Chair of the Devon Association of Secondary Heads and as an Ofsted inspector and National Leader of Education.

11 Governors' and Officers' Insurance

The Trust has registered all of the academies in the Trust with the Risk Protection Arrangement programme administered by the Department of Education; the cost is not separately identifiable under the Risk Protection Arrangement. The cost of this insurance is included in the total insurance cost.

12 Connected Charities

Parents and friends of some of the academies in the Trust have five registered charitable operations with the purpose of raising funds for the academy Trust. The results of four of them are as follows. The results for the Rydon association have not been disclosed as it does not consider itself to be connected to the Trust under the definition in paragraph 28(1) of schedule 3 of the Charities Act 2011.

Name of registered charity	Friends of Stoke Fleming £000	Friends of Blackawton Primary School £000	Kingsbridge Community College PTFA £000	Christow County Primary School PTFA £000
Cash	9	9	31	11
Income for the year to 31.8.20	4	3	5	6
Expenditure for the year to 31.8.20	(4)	(3)	(1)	(6)
Annual surplus	-	-	4	-

Education South West

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

13 Intangible Fixed Assets

	Computer Software £000	Total £000
Cost		
At 1 September 2019	181	181
Additions	8	8
At 31 August 2020	<u>189</u>	<u>189</u>
Depreciation		
At 1 September 2019	126	126
Charged in year	26	26
At 31 August 2020	<u>152</u>	<u>152</u>
Net book values		
At 31 August 2020	<u>37</u>	<u>37</u>
At 31 August 2019	<u>55</u>	<u>55</u>

14 Tangible Fixed Assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Computer Equipment £000	Plant & Equipment £000	Fixtures & Fittings £000	Motor Vehicles £000	Total £000
Cost							
At 1 September 2019	61,753	16,289	2,437	783	649	110	82,021
Additions	1,805	182	376	114	47	9	2,533
At 31 August 2020	<u>63,558</u>	<u>16,471</u>	<u>2,813</u>	<u>897</u>	<u>696</u>	<u>119</u>	84,554
Depreciation							
At 1 September 2019	8,397	1,586	1,675	677	535	99	12,969
Charged in year	1,239	271	235	64	45	11	1,865
At 31 August 2020	<u>9,636</u>	<u>1,857</u>	<u>1,910</u>	<u>741</u>	<u>580</u>	<u>110</u>	14,834
Net book values							
At 31 August 2020	<u>53,922</u>	<u>14,614</u>	<u>903</u>	<u>156</u>	<u>116</u>	<u>9</u>	69,720
At 31 August 2019	<u>53,356</u>	<u>14,703</u>	<u>762</u>	<u>106</u>	<u>114</u>	<u>11</u>	69,052

Education South West

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

15 Stock

	2020	2019
	£000	£000
Stationery Supplies	31	37
Cleaning Supplies	77	4
Catering Supplies	38	23
Other	4	5
Total Stock	<u>150</u>	<u>69</u>

16 Debtors

	2020	2019
	£000	£000
Trade debtors	206	364
Prepayments	677	500
Other debtors	78	37
Grant and other income	153	59
VAT recoverable	161	157
	<u>1,275</u>	<u>1,117</u>

17 Creditors: amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	576	512
Other taxation and social security	360	360
Other creditors	449	411
Accruals and deferred income	675	762
	<u>2,060</u>	<u>2,045</u>

Deferred income

	2020	2019
	£000	£000
Brought forward	329	255
Resources deferred in the year	276	329
Amounts released from previous years	(329)	(255)
Deferred Income at 31 August 2019	<u>276</u>	<u>329</u>

Deferred Income includes rates reimbursements from ESFA £74,000 (2019 – £99,000), devolved formula capital £68,000 (2019 - £68,000), Universal Infant Free School Meal funding £84,000 (2019 - £91,000), funds received from parents for future trips £5,000 (2019 - £53,000).

18 Creditors: amounts falling due after more than one year

	2020	2019
	£000	£000
Loan	<u>46</u>	<u>57</u>

The loan is from Salix, and is interest free and repayable over 8 years, and the final repayment is due 2025-26.

Education South West

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

19 Funds

	Balance at 1 September 2019	Income	Expenditure	Gains, Losses and Transfers	Balance at 31 August 2020
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	284	21,591	(20,694)	(167)	1,014
Other DfE/ESFA grants	221	2,524	(2,524)	-	221
LEA and other grants	355	1,339	(1,071)	(222)	401
Other General Funds	-	367	(367)	-	-
Donated Funds	-	13	(10)	1	4
	860	25,834	(24,666)	(388)	1,640
Pension Fund Reserve	(16,460)	-	(1,026)	(760)	(18,246)
Restricted fixed asset funds					
Fixed Asset Fund	69,052	-	(1,865)	2,533	69,720
Intangible Fixed Asset Fund	55	-	(26)	8	37
DfE/ESFA capital grants	1,672	1,156	-	(2,076)	752
Other capital funds	6	31	-	(22)	15
	70,785	1,187	(1,891)	443	70,524
Total restricted funds	55,185	27,021	(27,583)	(705)	53,918
Unrestricted funds					
Unrestricted funds	1,334	1,440	(1,077)	(55)	1,642
Total unrestricted funds	1,334	1,440	(1,077)	(55)	1,642
Total funds	56,519	28,461	(28,660)	(760)	55,560

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

Restricted General Funds

The General Annual Grant (GAG) is applied in strict accordance with the terms of the Model Fund Agreement executed on the 20th December 2010, and varied to re-state the terms to form a multi Academy Trust on the 29th August 2014, which prescribes that this funding is used to cover the normal running costs of the Academy. Under the Funding Agreement there are no limits on the amount of GAG which can be carried forward.

Education South West

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

19 Funds continued

Other DfE and ESFA Grants includes £823,000 (2019 - £819,000) Pupil Premium which is used by the Trust to raise attainment in pupils from low income families which has been spent during the year; also included is Universal Infant Free School Meal funding of £142,000 (2019 - £156,000). £170,000 (2019 - £173,000) was received from the ESFA to cover business rates, £37,000 (2019 - £37,000) to support Year 7 catch up intervention and £121,000 (2019 - £121,000) to support primary PE. The carried forward balance is referenced in the reserves section of the Trustees Report (page 9)

LEA and other grants income includes £355,000 (2019 - £337,000) funding to support specific provisions for pupils with special educational needs, £220,000 (2019 - £341,000) preschool childcare, and £95,000 (2019 - £99,000) to support community nursery outreach support. In addition £213,000 (2019 - £78,000) was received in relation to Teaching School activities, an increase because of the commencement of a new national Teaching School Hub, Teaching Schools South West. Exceptional Government funding of £160,000 was received under the Government's Coronavirus Job Retention Scheme (Note 5) which was fully applied to paying staff furloughed in the year. The carried forward balance is referenced in the reserves section of the Trustees Report (page 9)

Other General Funds represents contributions from students £54,000 (2019 - £62,000), preschool income from parents £116,000 (2019 - £153,000), student transport £1,000 (2019 - £4,000), and £196,000 (2019 - £497,000) relating to school trips.

The Pension Fund Reserve deficit represents the net shortfall in funds in the Local Government Pension Scheme in relation to employees past and present.

The DfE and ESFA capital grants represents funding specifically provided to support capital expenditures on fixed assets. The Fixed Asset Fund represents the current value of all fixed assets owned by the Trust. Capital grant income included £117,000 (2019 - £118,000) Devolved Formula Capital, £1,039,000 (2019 - £843,000) Schools Condition Allocation.

Unrestricted Funds

Unrestricted Funds can be applied at the discretion of the trustees. Funds were generated during the year from the catering operations £948,000 (2019 - £1,403,000), rental of academy premises and general community use £134,000 (2019 - £156,000) to community groups, fees for consultancy to other educational institutions £156,000 (2019 - £206,000).

Transfers

The net transfer from the General Annual Grant, Other General Funds and the Unrestricted Funds to the Restricted Fixed Asset fund represents expenditure from these funds on fixed assets. These are offset by a transfer from the Pension Fund to cover financing and service costs included in the allocated support costs and transfers from unrestricted reserves to cover restricted fund expenditure.

A transfer of £160,000 between unrestricted funds and restricted funds (LEA and other grants) has been made to offset the £160,000 of restricted income received under the Government's Coronavirus Job Retention Scheme which related to unrestricted expenditure on catering staff salaries.

Education South West

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

Analysis of academies by fund balance

Fund balances at 31 August 2020 were allocated as follows:

	Total £000
Kingsbridge Academy	1,565
Dartmouth Academy	452
Blackawton Primary Academy	330
Stoke Fleming Primary Academy	46
East Allington Primary Academy	(57)
Kingswear Primary Academy	197
Coombeshead Academy	(147)
Teign School	105
Rydon Primary School	443
Christow Primary School	101
Central Services	247
Total before fixed assets and pension reserve	<u>3,282</u>
Restricted fixed asset fund	70,524
Pension reserve	<u>(18,246)</u>
Total	<u>55,560</u>

East Allington Primary Academy carries forward a deficit. Prior to converting to academy status, four primary schools (Blackawton, Stoke Fleming, East Allington and Kingswear) were run by the Local Authority under a single budget. The Trust whilst recognising the individual surpluses and deficits of the component primary academies (not including the pension deficit effect) is supporting the necessary provision of primary education in these communities recognising a degree of financial offset.

Coombeshead Academy transferred a deficit, as part of Templer Academy Schools Trust, on 1 January 2017. During the year the deficit has been reduced by £300,000. A surplus budget is planned for 2020-21 in order to complete the recovery of the deficit position.

Education South West

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

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs	Other Support Staff Costs	Educational Supplies	Other Costs (excluding depreciation)	Total
	£000	£000	£000	£000	£000
Kingsbridge Academy	5,110	612	120	1,816	7,658
Dartmouth Academy	1,764	261	39	614	2,678
Blackawton Primary Academy	578	69	9	116	772
Stoke Fleming Primary Academy	526	67	9	124	726
East Allington Primary Academy	385	43	7	88	523
Kingswear Primary Academy	226	26	4	61	317
Coombeshead Academy	3,789	425	56	1,357	5,627
Teign School Rydon Primary Academy	3,597	386	71	1,039	5,093
Christow Primary Academy	1,399	151	20	274	1,844
Central Services	307	46	5	90	448
Academy Trust	407	1,351	3	(1,704)	57
	18,088	3,437	343	3,875	25,743

Education South West

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

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

Funds

	Balance at 1 September 2018	Income	Expenditure	Gains, Losses and Transfers	Balance at 31 August 2019
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	-	21,462	(20,804)	(374)	284
Other DfE/ESFA grants	221	1,549	(1,549)	-	221
LEA and other grants	394	1,195	(1,211)	(23)	355
Other General Funds	-	717	(717)	-	-
Donated Funds	-	40	(40)	-	-
	615	24,963	(24,321)	(397)	860
Pension Fund Reserve	(12,455)	-	(1,329)	(2,676)	(16,460)
Restricted fixed asset funds					
Fixed Asset Fund	70,038	-	(1,865)	879	69,052
Intangible Fixed Asset Fund	74	-	(24)	5	55
DfE/ESFA capital grants	944	1,215	-	(487)	1,672
Other capital funds	20	-	-	(14)	6
	71,076	1,215	(1,889)	383	70,785
Total restricted funds	59,236	26,178	(27,539)	(2,690)	55,185
Unrestricted funds					
Unrestricted funds	690	1,933	(1,303)	14	1,334
Total unrestricted funds	690	1,933	(1,303)	14	1,334
Total funds	59,926	28,111	(28,842)	(2,676)	56,519

Education South West

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

20 Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible fixed assets	-	-	69,720	69,720
Intangible assets	-	-	37	37
Current assets	1,482	3,906	767	6,155
Current liabilities	-	(2,060)	-	(2,060)
Noncurrent liabilities	-	(46)	-	(46)
Pension scheme liability	-	(18,246)	-	(18,246)
Total net assets	1,482	(16,446)	70,524	55,560

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

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds
	£000	£000	£000	£000
Tangible fixed assets	-	-	69,052	69,052
Intangible assets	-	-	55	55
Current assets	1,334	2,962	1,678	5,974
Current liabilities	-	(2,045)	-	(2,045)
Noncurrent liabilities	-	(57)	-	(57)
Pension scheme liability	-	(16,460)	-	(16,460)
Total net assets	1,334	(15,600)	70,785	56,519

21 Operating Leases

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

	2020	2019
	£000	£000
Amounts due within one year	38	42
Amounts due between two and five years	66	73
Amounts due after five years	4	-
	108	115

Education South West

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

	2020	2019	
	£000	£000	
22 Reconciliation of net income/(expenditure) to net cash inflow from operating activities			
Net (expenditure)/income	(199)	(731)	
Amortisation (note 13)	26	24	
Depreciation (note 14)	1,865	1,865	
Capital grants from DfE and other capital income	(1,187)	(1,215)	
Interest receivable (note 4)	(5)	(6)	
Defined benefit pension scheme obligation inherited	-	-	
Defined benefit pension scheme cost less contributions payable (note 28)	304	1,000	
Defined benefit pension scheme finance costs (Note 28)	722	329	
(Increase)/Decrease in stocks	(81)	11	
(Increase)/Decrease in debtors	(158)	224	
Increase in creditors	4	329	
Net cash inflow/(outflow) from operating activities	1,291	1,830	
23 Cash flows from investing activities			
Dividends, interest and rents from investments	5	6	
Purchase of tangible fixed assets	(2,533)	(1,011)	
Disposal of tangible fixed assets	-	132	
Purchase of intangible fixed assets	(8)	(5)	
Capital grants from DfE/ESFA	1,156	1,215	
Capital funding donated from others	31	-	
Net cash (used in)/provided by investing activities	(1,349)	337	
24 Analysis of cash and cash equivalents			
	At 31	At 31	
	August	August	
	2020	2019	
	£000	£000	
Cash in hand	4,730	4,788	
Notice deposits (less than 3 months)	-	-	
Total cash and cash equivalents	4,730	4,788	
25 Analysis of changes in net funds			
	At 1	Cash-	At 31
	Sept	flows	August
	2019	£000	2020
	£000	£000	£000
Cash	4,788	(58)	4,730
Loans falling due after more than one year	(57)	10	(47)
	4,731	(48)	4,683

Education South West

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

26 Contingent Liabilities

There are no contingent liabilities.

27 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.

28 Pension and similar obligations

The Academy'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 Peninsular Pensions. 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 was 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £383,000 (2019 £300,000) were payable to the schemes at 31 August 2020 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

The TPS is an unfunded scheme to which both the members and employer make contributions as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of the future benefits) for service to the effective date of £218,100 million, and notional assets (estimated

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future contributions together with notional investments held at valuation date) of £196,100 million, giving a past service deficit of £22,000 million

- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the 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 is 4.45%

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

The employer's pension costs paid to TPS in the period amounted to £2,583,000 (2019 £1,755,000)

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

Under the definitions set out in FRS102, the TPS is a multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

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 £915,616 (2018 £887,569), of which employer's contributions totalled £669,029 (2018 £639,006) and employees' contributions totalled £245,807 (2019 £248,309). The agreed contribution rates for future years are 17.6% per cent for employers and variable per cent for employees. Due to the scheme being in deficit lump sum amounts of £147,000 (2019 £147,000) were paid into the scheme in the year.

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

Principal Actuarial Assumptions	At 31 August 2020	At 31 August 2019
Rate of increase in salaries	3.30%	3.75%
Rate of increase for pensions in payment / inflation	2.30%	2.25%
Discount rate for scheme liabilities	1.60%	1.85%
Inflation assumption (CPI)	2.30%	2.25%
RPI Increases	3.10%	3.25%

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

	At 31 August 2020	At 31 August 2019
<i>Retiring today</i>		
Males	22.9	22.5
Females	24.1	24.4
<i>Retiring in 20 years</i>		
Males	24.3	24.2
Females	25.5	26.2
Sensitivity Analysis		
	At 31 August 2020 £000	At 31 August 2019 £000
Discount rate +0.1%	32,705	30,050
Discount rate -0.1%	34,201	31,373
Mortality assumption – 1 year increase	34,682	31,899
Mortality assumption – 1 year decrease	32,250	29,555

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

	Fair value at 31 August 2020 £000	Fair value at 31 August 2019 £000
UK Equities	1,923	2,286
Overseas Equities	7,148	6,220
Gilts	539	505
Other bonds	716	270
Property	1,208	1,241
Infrastructure	611	538
Cash	174	190
Alternative Assets	967	746
Other assets	1,912	2,248
Total market value of assets	<u>15,198</u>	<u>14,244</u>

The actual return on scheme assets was £60,000 (2019: £593,000)

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Amounts recognised in the statement of financial activities

	2020	2019
	£000	£000
Current service cost	1,811	1,865
Net interest cost	294	321
Administration costs	10	8
Total operating charge	<u>2,115</u>	<u>2,194</u>

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

	2020	2019
	£000	£000
At 1 September	30,704	25,439
Current service cost	1,811	1,561
Interest cost	565	673
Employee and other employer contributions	247	250
Actuarial loss/(gain)	673	2,917
Benefits paid	(556)	(440)
Plan introductions, benefit changes, curtailments and settlements	-	304
At 31 August	<u>33,444</u>	<u>30,704</u>

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

	2020	2019
	£000	£000
At 1 September	14,244	12,984
Interest Income	271	352
Return on plan assets (excluding net interest on the net defined pension liability)	(211)	241
Actuarial gain	124	-
Employer contributions	1,089	865
Employee and other employer contributions	247	250
Benefits paid	(556)	(440)
Plan introductions, benefit changes, curtailments and settlements	(10)	(8)
At 31 August	<u>15,198</u>	<u>14,244</u>

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29 Related Party Transactions

There are no related party transactions for the year ending 31 August 2020.

30 Agency Arrangements

The Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period 31 August 2020 the Trust received £77,000 and distributed £96,000 from the fund which included a brought forward balance of £66,000. An amount of £47,000 relating to undistributed funds repayable to ESFA are netted with other grant income receivable from ESFA, and included in debtors.

31 Teaching School Trading Account

	2020 £000	2020 £000	2019 £000	2019 £000
INCOME				
Grant Income	152		78	
Fundraising and Other Activities	61		-	
Total Income	<u>61</u>	213	<u>-</u>	78
EXPENDITURE				
Direct Expenditure				
Direct Staff Costs	130		58	
Staff Development	1		-	
Other Direct Costs	55		14	
Total Direct Costs	<u>55</u>	186	<u>14</u>	72
Other Costs				
Support Staff Costs	8		-	
Other Support Costs	8		16	
Total Other Costs	<u>8</u>	16	<u>16</u>	16
Total Expenditure		<u>202</u>		<u>88</u>
Surplus/(Deficit) from all sources		11		(10)
Teaching School Balances at 1.9.20		21		31
Teaching School Balances at 31.8.20		<u>31</u>		<u>21</u>