



# Annual Report and Financial Statements GDST Academy Trust

For the year ended 31 August 2021

**Company No: 06000347 (England and Wales)**

**Charitable Company limited by guarantee exempt from registration**

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**GDST Academy Trust**  
**Annual Report and Financial statements for the year ended 31 August 2021**

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**TRUSTEES' REPORT**

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Board of Trustees (Academy Trust Board)      Position**

Cheryl Giovannoni (Accounting Officer)	Trustee
Kathy Anstey	Trustee
Judith Simons	Trustee
Jonathan Davis	* Trustee
Kieran O'Sullivan	Trustee
Alison Taylor	* Trustee
Gary Stewart	* Trustee
Anne Hockaday (appointed 14 October 2020)	Trustee
Sarah Carlick (appointed 25 January 2021)	Trustee

Hilary Ann Ewing      Chair of Trustees

\* denotes member of the ATB Finance, Audit and Risk Committee

**Academy Principals**

Mrs R Mahony      Birkenhead High School Academy  
Mrs J Taylor      The Belvedere Academy

**Company Number**      06000347

**Registered Office:**      10 Bressenden Place  
London  
SW1E 5DH

**Auditors:**      Grant Thornton UK LLP  
Chartered Accountants, Registered Auditors  
30 Finsbury Square  
London  
EC2A 1AG

**Bankers:**      National Westminster Bank  
Knightsbridge  
London  
SW1X 9NW

**Solicitors:**      Withers LLP  
20 Old Bailey  
London  
EC4M 7AN

## TRUSTEES' REPORT

The trustees of the GDST Academy Trust ('the Academy Trust'), who are also directors of the Academy Trust for the purposes of the Companies Act, present their statutory report and the audited financial statements for the year ended 31 August 2021. The Trustees' Report serves as both a trustees' report, and a directors' report under company law. Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 3.

The financial statements have been prepared in accordance with the accounting policies on pages 36 to 42 of the attached financial statements and comply with the charitable company's memorandum and articles of association, the Companies Act 2006 and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)). The report has been prepared in accordance with the Charities Act 2011.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

### Constitution

The Academy Trust is a company limited by guarantee (No. 06000347) and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The trustees of GDST Academy Trust are also the directors of the charitable company for the purposes of company law. Membership of the Academy Trust comprises the following:

- The Girls' Day School Trust (the initial subscriber and principal sponsor)
- The holders of the offices of Chairman and Deputy Chairman of the Girls' Day School Trust *ex officio*

The Secretary of State for Education (DfE) has the right to appoint one person to the membership of the Academy Trust. This right has not yet been exercised.

The members may unanimously agree to appoint such additional members as they think fit.

### Principal Activities

The Academy Trust operates two academies for girls, namely The Belvedere Academy ("Belvedere") in Liverpool and Birkenhead High School Academy ("Birkenhead" or "BHSA") on the Wirral to:

- Advance the education of girls for the public benefit; and
- to promote for the benefit of the public/social welfare the provision of facilities for recreation or other leisure time occupation.

## **TRUSTEES' REPORT**

### **Members' liability**

Each member of the Academy Trust undertakes to contribute such amount as may be required (not exceeding £10) to the Academy Trust's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member for the payment of the Academy Trust's debts and liabilities contracted before he or she ceases to be a member.

### **Trustees**

The Academy Trust has provision for the following trustees (governors):

- The Girls' Day School Trust (initial subscriber and principal sponsor) may appoint up to ten sponsor trustees;
- The Chair of each academy's Local Governing Body, provided that the number does not exceed three.

All trustees receive induction training and are supplied with copies of policies, procedures, minutes, budgets, plans and other documents that they will require to undertake their role as trustee. Ongoing training is delivered on an ad hoc basis. During the period, the trustees held 4 meetings.

Potential new trustees are identified by the board, ensuring that the skills and experience of new trustees are complementary to those of existing board members.

Trustees receive no remuneration or benefits in respect of their duties as trustees but are reimbursed for expenses incurred in carrying out their duties. The amount of expenses reimbursed to trustees in the year was nil (2019: nil) (refer to Note 9 to the financial statements).

In accordance with normal commercial practice, the Academy Trust purchases insurance to protect trustees from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The cost of this insurance is included in the total insurance cost, details of which are shown in note 10 to the financial statements.

Under the terms of the Academy Trust's Memorandum, the Academy Trust may enter into a contract for the supply of goods or services with the Girls' Day School Trust or any of its subsidiaries at any time when a trustee is a member or employee of the Girls' Day School Trust or such trading subsidiary. Goods or services acquired under such a contract must actually be required by the Academy Trust, the level of remuneration must be reasonable in relation to the value of the goods or services and no trustee (or connected person) shall have a pecuniary interest which conflicts with the Academy Trust's interests. The Academy Trust has entered into an agreement with the Girls' Day School Trust to provide particular services on this basis (described in note 25 to the financial statements).

## **TRUSTEES' REPORT**

### **Organisational structure**

The organisational structure consists of three levels: the Academy Trust Board (the trustees); in addition, each academy within the Trust will have a Local Governing Body and a Senior Leadership Team.

The Academy Trust Board (the ATB) is responsible for the overall strategic direction of each academy and for those statutory duties which may not be delegated to sub-committees. The principal roles of the ATB are:

- to set the Trust's strategy;
- to monitor each academy's performance against key performance indicators;
- to maintain the financial stability of the Trust;
- to review the Trust's policies and procedures that provide internal control and mitigate risk.

The Local Governing Bodies (LGBs) are committees of the Academy Trust Board (ATB). Legal responsibility for the Academy Trust lies with the ATB but the ATB relies on advice and support from the LGBs. The key purposes of the LGBs are:

- to monitor the academy's financial and academic performance;
- to develop strategic policies which reflect the academy's vision and ethos;
- to promote the academy and foster links with the local community.

The Senior Leadership Team (SLT) of each academy will typically include the Principal, Vice Principals, Assistant Vice Principals, the Finance Director, and Administration Manager. The SLT control the academy at an executive level implementing the policies approved by the Academy Trust Board.

The salaries of the Principals are determined by the ATB. The Principals are responsible for the appointment of staff and their salary grading. For those members of SLT on the teachers' pay scale, salaries and other allowances are increased in accordance with the annual percentage increase agreed for teachers in the maintained sector by the Secretary of State for Education. For SLT members on the support staff pay scale, the rates of pay which will apply are those generally prevailing for comparable employment in the public sector and are increased in line with increases agreed by the appropriate national negotiating bodies in those sectors.

## TRUSTEES' REPORT

### Trade Unions Facility Time Relevant Union Officials

Number of employees who were relevant union officials during the year	Full-time equivalent employee number
2	2

### Percentage of time spent on facility time

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

### Percentage of pay bill spent on facility time

Total cost of facility time (£'000)	1
Total pay bill (£'000)	10,746
% of total pay bill spent on facility time, calculated as: (total cost of facility time / total pay bill) X 100	0%

### Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
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### Related Parties and other Connected Charities and Organisations

The Academy Trust works closely with its principal sponsor, the Girls' Day School Trust, its co-sponsor of the Belvedere Academy, the DfE, the Education and Skills Funding Agency, the Local Education Authorities and other local organisations. Girls' Day School Trust provide certain service including IT and payroll under service agreements.

## OBJECTIVES AND ACTIVITIES FOR PUBLIC BENEFIT

The principal objective of the Academy Trust is to advance education for the public benefit, by establishing, maintaining, operating and developing schools, including but not limited to academies, offering a broad curriculum with a strong emphasis on the specialisms specified in the relevant Funding Agreements. In setting the Trust's objectives and planning its activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

## **TRUSTEES' REPORT**

The catchment area for the Belvedere Academy is Merseyside and the surrounding areas, whilst that for the Birkenhead High School Academy is the Wirral and the surrounding areas. Each academy's admissions policy is included in its Funding Agreement and applications for places at the academies are made in accordance with the relevant local authority's co-ordinated admission arrangements.

The Academy Trust aims to work with others to create a healthy, safe environment within which all of its pupils can enjoy learning, make progress and achieve high standards. Each pupil is encouraged to participate fully and make a positive contribution to their academy and the wider community and ultimately become successful, motivated, well-adjusted adults who achieve economic well-being.

In addition, the Academy Trust promotes the provision of its facilities for recreation, sports and other leisure time occupation for the benefit of the public/social welfare in the local community.



## **TRUSTEES' REPORT**

# **STRATEGIC REPORT**

## **PROMOTING THE SUCCESS OF THE ACADEMY TRUST**

New legislation has been introduced to help users of the financial statements better understand how Trustees have discharged their duty to promote the success of the Academy Trust, while having regard to the matters set out in section 172(1)(a) of the CA2006 (s172 factors).

### **Long-term decision making**

The Academy Trust has a long-term focus and is a responsible provider of state-funded education for pupils of all abilities. As part of its decision making the ATB considers the likely consequences of any decision in the long-term for all significant matters discussed. The ATB regularly discusses strategic issues and considers the impact on the long-term of the Academy Trust.

### **Employees**

The people employed by the Academy Trust are critical to the success of the academies overall and engagement with staff continues to be a focus with annual employee surveys performed and acted upon. Employees can access high quality training courses provided by GDST.

### **Business relationships**

Maintaining good relationships with suppliers remains critical to the Academy Trust's own performance and reputation. Performance of key suppliers is monitored. Robust processes are in place to ensure settlement of invoices occurs within terms in place.

### **Other stakeholders**

The Trustees have also identified pupils, parents and the community as key stakeholders. The Academy Trust aims to work with others to create a healthy, safe environment within which all of its pupils can enjoy learning, make progress and achieve high standards. Each pupil is encouraged to participate fully and make a positive contribution to their academy and the wider community and ultimately become successful, motivated, well-adjusted adults who achieve economic well-being.

In addition, the Academy Trust promotes the provision of its facilities for recreation, sports and other leisure time occupation for the benefit of the public/social welfare in the local community.

**TRUSTEES' REPORT****ACHIEVEMENTS AND PERFORMANCE**

The following paragraphs present a review of the significant activities undertaken by the Academy Trust during the year to further its charitable purposes for public benefit.

**Key performance indicators****Pupil Numbers**

Demand for entry to both academies continues to be strong, with applications far exceeding the available number of places in the Junior School and the Senior Schools at Year 7. Pupil numbers in the Sixth Form are a key performance indicator of the Academy Trust. Belvedere continues to sustain close to capacity numbers whilst Birkenhead High School Academy (BHSA) faces increasing competition from other local providers and Sixth Form retention and recruitment remains an area of particular focus.

Pupil numbers at BHSA currently stand at 384 in Juniors, 644 in Seniors and 138 in the Sixth Form, making a total of 1166 (September 2020: 1169). The junior school Pupil Admission Number (PAN) is 56, whilst the senior school PAN increased by 27 to 135 in September 2018.

Belvedere is heavily over-subscribed; the academy is at capacity with pupil numbers standing currently at 990 (September 2020: 989). The local authority funded an expansion to the current site enabling the PAN to increase by 25 to 155 from September 2019. The Sixth Form continues to be a popular option with many of Belvedere students choosing to stay on after GCSEs. The Sixth Form currently stands at 264, with 36 girls being recruited from external schools in Year 12 this year.

**Academic results**

The academic results of the academies is also a key performance indicator. Results that are usually monitored include Progress 8, Attainment 8 and Key stage 1 and 2 measures.

GCSE and A-Level examinations were again cancelled this year due to the continuing disruptive impact of COVID-19 and primary school formal assessments also did not take place for the second year running.

Whilst Centre Assessed Grades were awarded for GCSE and A-Level examinations last year, Teacher Assessed Grades were awarded in Summer 2021. In both years, grades were awarded using a portfolio of evidence including formal assessments, coursework and other work completed by the students. These results will not be formally published.

## TRUSTEES' REPORT

### Academic results (continued)

Academic results are a key performance indicator and results from the last year external assessments took place demonstrate the Academy Trust exceeds National averages in many areas. Results from the last year assessments were formally held are shown below.

<b>Key Stage 4</b>	18/19	18/19	18/19
	Birkenhead	Belvedere	National (#)
Progress 8	+0.28	+0.22	-0.03
Attainment 8	47.48 points	61 points	49.3 points
% of students gaining Grade C/4 or above in English & Maths	62.6%	87.0%	63.7%
% of students gaining Grade 5 or above in English & Maths	28.0%	69.5%	43.9%

<b>Key Stage 5</b>	18/19	18/19	18/19
	Birkenhead	Belvedere	National (#)
Grades at A*/A	18.5%	23.6%	25.5%
Grades at A*-B	41.1%	50.7%	52.0%
Overall Pass Rate at A level	98.1%	98.8%	98.0%

(#) National Girls' figure

2018/19 was a successful year for pupils at Birkenhead Junior School, with BHTA students continuing to show an overall improving picture in the new external standards (2016).

<b>Early Years Attainment</b>	18/19	17/18
Good Level of Development	77%	82%

A Good Level of Development is achieved at the end of Foundation 2 when pupils achieve at least the 'expected' level in all prime areas plus all numeracy and literacy areas.

## TRUSTEES' REPORT

### Academic results (continued)

<b>Key Stage 1 Attainment</b>	<b>18/19</b>
Phonics Screening Check Year 1	89%
<b>Working at or beyond the national standard in</b>	
Reading	82%
Writing	59%
Maths	71%
<b>Key Stage 2 Attainment and Progress</b>	<b>18/19</b>
<b>Reading - % at and beyond national standard</b>	<b>77%</b>
<b>Reading - Progress score</b>	<b>-4.0</b>
<b>Writing- % at and beyond national standard</b>	<b>80%</b>
<b>Writing – Progress score</b>	<b>-3.5%</b>
<b>Grammar, Punctuation &amp; Spelling - % at and beyond national standard</b>	<b>86%</b>
<b>Maths - % at and beyond national standard</b>	<b>82%</b>
<b>Maths - Progress score</b>	<b>-2.8</b>

### COVID-19 virus

The ATB have closely monitored the operation of the academies since the beginning of the first lockdown in March 2020 and a significant amount of support has been provided from GDST Health & Safety professionals. COVID audits were conducted on behalf of the ATB in October 2020 to ensure each school was operating safely. Virus control measures such as enhanced cleaning and social distancing rules implemented in the previous year remained in place to mitigate the spread of the virus. Despite robust procedures being in place and the use of pupil bubbles, the learning of students was severely disrupted throughout the year with periods of self-isolation for many students and a further government lockdown.

Another National Lockdown was announced in January 2021 in which schools were once again closed, and the academies returned to online learning. Both academies remained open to children of keyworkers and vulnerable pupils throughout the lockdown period with BHSA maintaining high numbers in attendance throughout. This period was challenging, with many students and staff experiencing feelings of isolation. Pastoral care continued to be provided to students with regular check in calls and students struggling with the loss of routine were invited to attend school for support. The Senior Leadership Teams maintained regular contact with staff and encouraged those needing support to attend school, particularly those who lived alone. Teachers and support staff attended school on a rota basis to supervise pupils on site and the remote learning programme was relaunched. Asymptomatic in-school testing of COVID-19 commenced in January 2021. The academies were able to loan school devices such as Chromebooks to students who did not have access to appropriate technology at home and several devices were received from DfE for use by

## **TRUSTEES' REPORT**

disadvantaged students. This enabled all pupils to engage with remote learning and to maintain a connection with their teachers and fellow pupils through live lessons and assemblies.

The Academy Trust participated in the government's national free school meal voucher scheme during the periods of school closure and school holidays.

Pupils returned in March 2021 at the end of the National Lockdown and asymptomatic testing continued on site regularly in a bid to control the spread of the virus, moving towards home testing by the end of the school year.

Fundraising activities were impacted due to COVID-19, in particular, lettings recommenced only in April 2021 and at a much reduced capacity causing a significant decrease in budgeted income. The catering revenue stream also suffered with less pupils attending school although the Trust was able to furlough some roles in these areas allowing cost savings. Associated costs in generating these income streams reduced mitigating the impact of the lost income. The majority of funding is provided by the government in the form of revenue grants determined by pupil numbers. The General Annual Grant alone provides 80% of revenue funding. This funding has remained in place throughout the pandemic.

Traditional academy events did not take place due to restrictions including the annual Prizegiving ceremonies, Open Evenings and school productions. In addition, school trips could not go ahead due to COVID-19 restrictions; all of which impacted the students' social and cultural experiences.

Whilst COVID-19 has had a financial impact on the Academy Trust through loss in trading income and additional costs incurred in attempting to control the virus, the Academy Trust has sufficient free reserves to absorb this. The trustees consider the current reserves policy to be appropriate though will review this regularly.

The Academy Trust holds assets in a defined benefit Local Government Pension Fund. The scheme assets are measured at fair value and include Property. There is a risk that COVID may cause a decline in property values which would adversely affect the value of assets held by the fund therefore potentially increasing the pension liability.

### **Highlights of the year**

#### **BHSA**

Our key message of challenge, opportunity and partnership continued to underpin everything at BHSA as we faced yet more disruption due to the global pandemic. The whole academy benefitted from the powerful GDST network throughout the year, whether that be through new guided home learning initiatives, diversity and inclusion workshops or new podcasts for the whole GDST community.

## TRUSTEES' REPORT

Student leadership initiatives continued to thrive and our Head Girl's team even featured on the BBC news with their positive mental health project.

Our main highlight was the success of our Start A New Story campaign, working in partnership with our local independent bookshop, Lingham's, to fund raise enough money to buy new books for all of our Junior School and Years 7 and 8. The generosity of the GDST global community was so generous, we smashed our target and also were able to replenish class sets and library stocks. This maintained our strong focus as a reading school and a local trailblazer for such initiatives.

### **Belvedere**

Though it has been another year of challenge, the pupils and staff of the academy have remained resilient and continued to embrace the new way of learning and collaborating during periods of learning at home throughout the pandemic.

Work was completed on the modular building and handed over to the academy in October 2020. This was funded by Liverpool City Council as a result of a shortage of pupil spaces in the Liverpool area, creating six classrooms and an additional dining space which has helped to reduce the overcrowding in certain areas of the academy.

Our main highlight was our work on equality and diversity, developing the pupil voice to the extent of pupil involvement with the Local Authority's Director for Education in the conversation about violence towards women.

## FINANCIAL REVIEW

The financial position of the Academy Trust is detailed in the following pages.

Most of the Academy Trust's income is obtained from the Education and Skills Funding Agency in the form of recurrent and capital grants, the use of which is restricted to particular purposes. The grants received during the period and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Capital grants and donations received from the Education and Skills Funding Agency, Liverpool Local Authority and sponsors during the year amounted to £295,775 (2020: £2,046,691). In accordance with the Charities Statement of Recommended Practice (FRS 102), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation over the expected useful life of the assets concerned. The depreciation charge for the year on these assets was £956,110 (2020: £812,181).

Recurrent grants of £11,689,190 (2020: £10,972,921) were received from the Education and Skills Funding Agency, Local Authorities and other Government bodies. Expenditure covered by these grants amounted to £12,048,705 (2020: £11,352,578). Such grants and expenditure are shown in the restricted general fund in the Statement of Financial Activities. The primary

**TRUSTEES' REPORT**

cost incurred were direct staff costs of £8,630,034 (2020: £8,107,635) which enabled the Academy Trust in delivering an outstanding education to all pupils.

Unrestricted income and expenditure in the period amounted to £467,989 (2020: £635,199) and £666,628 (2020: £715,772) respectively.

The in-year surplus (excluding the pension reserve movement) amounted to £304,311 (2020: £54,410). The Academy Trust was able to access government funding to cover operational costs due to COVID-19 such as Coronavirus Job Retention Scheme funding when schools were closed and also received a COVID catch up grant that has been used to fund additional tutoring sessions for disadvantaged pupils. Unrestricted income usually generates a significant surplus but was severely impacted by the restrictions of the pandemic; lettings only partly recommenced in Spring 2021 thereby reducing income from this stream and the use of year group bubbles reduced the catering offer which led to a significant decrease in catering income.

Free Reserves (total of restricted general funds (excluding the defined benefit pension liability) and unrestricted general funds) at the end of the period amounted to £1,056,619 (2020: £774,922).

At 31 August 2021 the net book value of fixed assets was £32,856,000 (2020: £33,356,196) and movements in fixed assets are shown in Note 11 to the financial statements. The cost of fixed asset additions in the year amounted to £276,000 (2020: £1,997,436). The building works at The Belvedere Academy in progress at the previous year end were completed and formally handed over to the Academy Trust in October 2020.

At 31 August 2021, the defined benefit pension liability was £5,277,000 (2020: £4,446,000). Movements are shown in Note 24 to the financial statements. The actuarial loss on the pension scheme in the year amounted to £403,000 (2020: £142,000).

**Reserves policy**

The Academy Trust Board reviews the level of reserves annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. It is the trustees' policy to maintain a minimum level of reserves of £500,000 and to build up free reserves which can be used for future education purposes in line with each academy's development plan. The trustees will ensure that the reserves policy continues to conform to the requirements laid down in the Academies' Financial Handbook produced by the DfE.

The total funds held at 31 August 2021 was £29,014,525 (20: £30,201,447). Restricted funds amounted to £27,042,731 (2020: £29,426,525).

Having taken account of the risks to which the Trust is exposed, including the impact of COVID-19, the trustees consider the current level of free reserves (total of restricted general funds (excluding the defined benefit pension liability) and unrestricted general funds) £1,056,619

## **TRUSTEES' REPORT**

(2020: £774,922) to be appropriate considering the majority of income received is in recurring government funding received on a monthly basis.

As both academies are on census based pupil number funding, the Academy Trust is not subject to any limit on the amount of General Annual Grant that may be carried forward, thus allowing the trustees to ensure that adequate reserves may be built up.

The Restricted Fixed Asset Fund may only be realised by disposing of tangible fixed assets. The balance at 31 August 2021 was £33,235,906.

In accordance with FRS 102, it is necessary to charge projected pension scheme deficits to the Restricted General Fund for those pension schemes where the assets and liabilities of the scheme can be separately identified. This has resulted in a reduction in restricted reserves of £831,000. The deficit position of the pension scheme would generally result in a cash flow effect for the academy trust in the form of an increase or decrease in employers' pension contributions over a period of years. It should be noted that this is an accounting estimate of a long-term liability which has not crystallised and has no immediate impact on the Academy Trust's liquidity.

### **Investment Policy**

The trustees have authorised the use of short term deposit accounts and notice deposit accounts in respect of cash held which is surplus to immediate requirements. The next review is due in March 2022.

### **Principal Risks and Uncertainties**

The trustees are responsible for the management of the risks to which the Academy Trust is exposed. The ATB Finance, Audit and Risk committee reviews the Academy Trust's risk management policies and procedures. Trustees are assisted in this task by the Local Governing Bodies, the Senior Leadership Teams of the academies and the specialist Health and Safety and Human Resource advisors at the Girls' Day School Trust (the main sponsor). The Head of Internal Audit at the Girls' Day School Trust also assists the Trustees in assessing risks the Academy Trust may be exposed to.

The Trust's risk management procedures have been reviewed during the year and the trustees are satisfied that the major risks identified have been considered by the trustees and processes have been established to manage those risks where necessary. As a result of their risk assessment, the trustees consider that the key risks facing the Trust continue to be:

- Long term funding from ESFA not sufficient to support the required Academies offer. The Academies produce three-year budgets which are reviewed in detail by the ATB. Changes in funding are likely to be publicised well in advance and be accompanied by transitional arrangements. The Academy Trust is able to allocate financial resources to the areas of greatest need.
- Academies' Sixth Forms undersubscribed in the long term – impacting on results and finances. Retention of pupils is a key focus for the Academies as well as recruiting externally. Open events are held and regular curriculum reviews take place to ensure the offer remains attractive. Investment in Sixth Form facilities occurs when funds allow.



**TRUSTEES' REPORT**

- The Academy Trust may have pension scheme commitments that it is unable to meet. The Academy Trust is able to meet its known annual deficit contribution commitments for the foreseeable future.
- Disruption to teaching and learning as a result of COVID-19, pressure on finances due to extra costs incurred as a result of COVID-19. The Academies have a remote learning plan in place to revert to should significant disruption occur. Investment in devices such as Chromebooks has been made to ensure all pupils have remote access to learning. The Academies produce management accounts which can be used to monitor spending and enable reallocation of financial resources as required.
- A serious safeguarding episode unfolds which causes harm to one or more pupils leading to regulatory action and reputational damage. Robust policies and procedures are in place to prevent such matters and a safeguarding audit programme is in place.
- Cyber security vulnerabilities lead to attack, damage or unauthorised access to systems and data. A Cyber Security Programme is in place to assess existing security standards and to mitigate risks.
- Insufficient cash held to pay suppliers and staff wages. Forward financial planning of cash flow and liquidity risk management includes maintaining sufficient cash and interest bearing deposits held in flexible accounts.

The strategies employed to manage these risks include the regular review of long term financial forecasts and actuarial valuations of the pension schemes allowing adequate time for appropriate action to be taken.

**Going Concern**

After making appropriate enquiries, the ATB has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements.

Three year forecasts to 2023/24 have been prepared by each Academy and approved by the ATB following scrutiny by the Finance, Audit and Risk Committee. Sensitivity analysis focusing on the level of GAG income and pupil numbers has been performed to demonstrate different financial scenarios should the amount of funding change or there be a decrease in pupil numbers particularly in the Sixth Form. Results indicate that even in a worst-case scenario, in the event there is no uplift in GAG funding or if there was a dip in pupil numbers, the Academy Trust has sufficient resources and reserves to continue for at least 12 months from the date of approval of the financial statements. Despite the impact of COVID-19 on the general economy, 80% of the Academy Trust's income is provided in the form of fixed government funding which is allocated six months ahead of each academic year. This allows management to divert resources to other areas and review costs should funding decrease. As such, the Academy Trust can reliably forecast its future financial position.

**Suppliers**

Maintaining good relationships with suppliers remains critical to the Academy Trust's own performance. Robust processes are in place to ensure settlement of invoices occurs within

## **TRUSTEES' REPORT**

terms in place. Throughout lockdown periods we have co-operated with suppliers to secure the future supply chain.

### **Fundraising**

The Academy Trust held some small fundraising events during the year including non-uniform days and cake sales. The Academy Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. All fundraising undertaken during the year was monitored by the Trustees. During the year no complaints or issues have arisen as a result of the fundraising events.

Fundraising activities were impacted due to COVID-19, in particular, lettings ceased from March 2020 not recommencing until April 2021, causing a significant decrease in income. The catering revenue stream also suffered with less pupils attending school although the Trust was able to furlough some roles during the school closure period in these areas allowing cost savings. Associated costs in generating these income streams reduced mitigating the impact of the lost income.

## TRUSTEES' REPORT

### Streamlined Energy and Carbon Reporting

<b>UK Greenhouse gas emissions and energy use data for the period</b>	<b>1 September 2020 to 31 August 2021</b>	<b>1 September 2019 to 31 August 2020</b>
Energy consumption used to calculate emissions (kWh)	<b>3,436,726</b>	<b>3,696,942</b>
Energy consumption break down (kWh) <ul style="list-style-type: none"> <li>• gas,</li> <li>• electricity</li> </ul>	<b>2,675,312</b> <b>761,414</b>	<b>2,883,208</b> <b>813,734</b>
Scope 1 emissions in metric tonnes CO <sub>2</sub> e		
Gas consumption	<b>490.01</b>	<b>530.14</b>
Owned transport – mini-buses	<b>0</b>	<b>1.81</b>
Total scope 1	<b>490.01</b>	<b>520.22</b>
Scope 2 emissions in metric tonnes CO <sub>2</sub> e		
Purchased electricity	<b>161.67</b>	<b>189.71</b>
Scope 3 emissions in metric tonnes CO <sub>2</sub> e		
Business travel in employee owned vehicles	<b>0.00</b>	<b>0.00</b>
Total gross emissions in metric tonnes CO <sub>2</sub> e	<b>651.68</b>	<b>721.66</b>
Intensity ratio		
Tonnes CO <sub>2</sub> e per pupil	<b>0.30</b>	<b>0.33</b>

#### **Quantification and Reporting Methodology:-**

• We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2021 UK Government’s Conversion Factors for Company Reporting.

#### **Intensity measurement**

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO<sub>2</sub>e per pupil, the recommended ratio for the sector.

#### **Measures taken to improve energy efficiency**

We have installed smart meters across all sites and replaced the ageing heating system at one of the academies with a more efficient system. In addition, the electricity purchased by the Academy Trust is renewably sourced.

**TRUSTEES' REPORT****PLANS FOR FUTURE PERIODS**

Following a detailed and extensive review of the academies' cost bases and potential additional areas for income generation, the 2021/22 budgets have been approved by the trustees at an in year surplus of £24,000 for BHSa and £21,000 for Belvedere.

The main overall objective for both academies is to maintain their OFSTED outstanding ratings and in order to achieve this, the key priorities for future periods have been identified as follows:

**Birkenhead High School Academy**

- to provide consistently outstanding teaching across the academy
- to monitor progress throughout the school for all students but particularly for identified cohorts such as vulnerable groups and high achievers
- to achieve outstanding behaviour for learning via a review of the behaviour awards system and ongoing training for staff
- development of student leadership opportunities
- maintain financial and operational efficiency in the current difficult funding climate by exploring every initiative for additional income generation and cost reduction.

**Belvedere Academy**

- to continue developments in the areas of curriculum, assessment and teaching and learning
- to enhance staff development by ongoing review of staffing structures and the provision of appropriate training programmes
- the continued promotion of safeguarding and wellbeing for both students and staff
- the management and development of the academy's resources in terms of ensuring financial stability, making the most effective use of the school estate and formulation of a long term ICT strategy.

## TRUSTEES' REPORT

### ENGAGEMENT WITH EMPLOYEES (INCLUDING DISABLED PERSONS)

Employees have been consulted on issues of concern to them by means of regular communication and staff meetings and have been kept informed on specific matters directly by management. An annual employee survey is undertaken to capture feedback from staff in all roles, the results are reported to the ATB and each academy forms an action plan based on the staff voice.

The Academy Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal Opportunities Policy
- Health & Safety Policy

The trustees recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy Trust aims to establish equal opportunities in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

In accordance with the Academy Trust's Equal Opportunities Policy, the Academy Trust has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

## AUDITORS

### Statement as to disclosure of information to Auditors

The trustees confirm that so far as they are aware, there is no relevant audit information of which the Academy Trust's auditors are unaware. They have taken all steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that the Academy Trust's auditors are aware of that information.

The report of the Trustees, incorporating a strategic report, was approved by the Trustees, as the company directors on 14/12/2021 2021 and signed on the board's behalf by:

*Gary Stewart*

Gary Stewart  
Trustee, Chair of Finance, Audit & Risk Committee

## TRUSTEES' REPORT

### GOVERNANCE STATEMENT

#### Scope of Responsibility

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

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

The Academy Trust Board ("ATB") has delegated the day-to-day responsibility to the Principals and Accounting Officer for ensuring financial controls conform with the requirements of both propriety and good financial management and are in accordance with the requirements and responsibilities assigned to it in the funding agreements between the Academy Trust and the Secretary of State for Education. They are also responsible for reporting any material weaknesses or breakdowns in internal control to the ATB.

#### Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Academy Trust Board has formally met four times during the year and the Finance, Audit and Risk Committee has met four times. Due to the impact of the COVID-19 pandemic and restricted travel, meetings were successfully held online. Attendance during the year at meetings was as follows:

<b>Academy Trust Board Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Kathy Anstey	3	4
Jonathan Davis	4	4
Hilary Ann Ewing	4	4
Cheryl Giovannoni (Accounting Officer)	4	4
Judith Simons	4	4
Kieran O'Sullivan	4	4
Gary Stewart	4	4
Alison Taylor	2	4
Ann Mary Hockaday (appointed 14 October 2020)	3	4
Sarah Carlick (appointed 25 January 2021)	2	3

<b>ATB Finance, Audit and Risk Committee Member</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Jonathan Davis	4	4
Gary Stewart	4	4
Alison Taylor	3	4

## **TRUSTEES' REPORT**

The Academies Financial Handbook 2020/21 recommends Trustees meet formally six times a year. The Trustees of the Academy Trust met four times and consider this sufficient given the Finance, Audit and Risk committee also met four times during the year and have members in common with the Trustee Board which allows an appropriate level of oversight at Board level throughout the year.

Two governance reviews have recently been carried out. The first review, finalised in late 2019, was entirely focused on the GDST Academy Trust and delivered a number of recommendations, including about the composition of the board and the content and structure of meetings. Adjustments were made to the governance arrangements in light of the findings identified by the external consultant engaged to perform this piece of work. In 2020 a separate review was carried out in relation to governance at the GDST as part of the Trust's internal audit plan for that year. Although findings were predominantly made in the context of the governance framework for the Trust's fee-charging schools, it was highlighted that there should be a greater degree of information exchanged between the wider GDST and the Academy Trust – to ensure that examples of best practice in the running of schools was shared across the two environments.

### **Review of Value for Money**

The Accounting Officer has responsibility for ensuring that the academies deliver 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 academies' use of their resources has provided good value for money during each academic year and reports to the Academy Trust Board where value for money can be improved, including the use of benchmarking data where appropriate.

In the current funding climate it is essential that both academies continually review their cost bases and potential areas for additional income generation. This exercise enabled both academies to set prudent budgets for the 2021/22 financial year and the key strategies used to achieve this included:-

- Re-structuring of support staff roles and responsibilities.
- Review of the curriculum offer, particularly at Sixth Form, to improve retention and recruitment and to reduce teaching staff requirements.
- Reducing teachers' non-contact time.
- Resuming facilities hire at an increased capacity as soon as government guidelines allow.

### **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 controls is based on an on-going process designed to identify and prioritise the risks to the

## **TRUSTEES' REPORT**

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 controls has been in place in the Academy Trust for the year ended 31 August 2021 and up to the date of the approval of the annual report and financial statements. Systems were not significantly impacted by the COVID-19 pandemic.

### **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 trustees are of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks and that this system has been in place for the year ended 31 August 2021 and up to the date of the approval of the annual report and financial statements. This process is reviewed regularly by the trustees and at every Finance, Audit & Risk committee meeting.

Risk registers are maintained at both Academy Trust level and at individual academy level. Academy risk registers are reviewed on a termly basis by the LGBs and the ATB. The Academy Trust risk register is reviewed annually by the ATB.

### **The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the trustees;
- regular reviews by the trustees and the LGBs of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets and key performance indicators to measure financial and other performance;
- clearly defined purchasing (revenue purchase or capital investment) guidelines;
- detailed terms of reference for all committees;
- formal agendas for the ATB, ATB Finance, Audit & Risk Committee and LGB meetings (the minutes of the LGB meetings are reviewed by the ATB);
- delegation of authority and segregation of duties;
- formal written policies;
- policies and procedures required by law to protect the vulnerable;
- identification and management of risks.

The ATB Finance, Audit and Risk Sub-Committee is responsible for reviewing the Academy Trust's risk management policies and procedures, including those relating to internal financial controls and the internal audit work planned to address those risks. The Academy Trust has appointed the internal auditor of the Girls' Day School Trust to carry out a programme of internal checks and the Sub-Committee directs the work of the internal auditor to those areas of greatest risk. On an annual basis, the internal auditor reports to the ATB (through the



## **TRUSTEES' REPORT**

Finance, Audit and Risk Sub-Committee) on the operation of the systems of control and on the discharge of the ATB's financial responsibilities. The internal audit carried out in the year ended 31 August 2021 did not identify any material control issues.

### **Review of Effectiveness**

The Academy Trust consists of two academies. The values and aspirations for the academies are wholly aligned with those for the rest of the GDST network of schools. The Accounting Officer, who is also Chief Executive Officer of the GDST, takes senior executive responsibility for the academies, including line management of the respective principals.

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

- the work of the ATB Finance, Audit and Risk Sub-Committee and internal audit function;
- the work of the external auditor;
- the financial management and governance self- assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the ATB Finance, Audit and Risk Committee and a plan to address any weaknesses and ensure continuous improvement of the systems is in place.

14/12/2021

Approved by order of the trustees on ..... and signed on their behalf  
by:

*Gary Stewart*

Gary Stewart  
**Trustee, Chair of Finance, Audit & Risk Committee**

*Cheryl Giovannoni*

Cheryl Giovannoni  
**Accounting Officer**

## **TRUSTEES' REPORT**

### **STATEMENT of REGULARITY, PROPRIETY and COMPLIANCE**

As Accounting Officer of GDST Academy Trust, I have considered my responsibility to notify the Academy Trust Board and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreements in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies' Financial Handbook 2020.

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

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

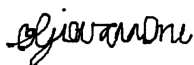
#### **Reporting and approval of related party transactions**

The Sponsor, who is deemed a related party, provides the Trust with a complete IT function and other chargeable services including payroll. Service contracts are in place, the value of which are at significantly below cost to the Sponsor and the charges have been frozen for some years. The total charge for the year ended 31 August 2021 was £98,080.

Approval for these related party contracts for the year ended 31 August 2021 was not issued by ESFA because of an irregularity in the process followed by the Academy Trust in awarding these contracts to the Sponsor. ESFA concluded that the conflict of interest between the Academy Trust and its Sponsor had not been adequately managed and did not meet the requirements of section 5.37 of the Academies' Financial Handbook. This represents a breach of the requirements of paragraph 5.41 of the Academies Financial Handbook 2020 and therefore constitutes a reportable irregularity. Though ESFA deemed this a breach of the Handbook, their decision did not prevent the Trust from entering into or continuing with the agreements.

Subsequently, the Academy Trust has established a Conflict of Interest policy to improve how such conflicts/threats are managed and improved the process in which transactions with the Sponsor are assessed and entered into. As a result of these actions, ESFA have recently issued approval of contracts, on equivalent terms to the 2020/21 contracts, for the next two financial years.

Details of the transactions undertaken with the Sponsor are provided in Note 25.



Cheryl Giovannoni  
**Accounting Officer**  
**Date:** 14/12/2021

## **TRUSTEES' REPORT**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also directors of GDST Academy Trust for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with the Academies Accounts Direction published by the Educations & 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 that law the trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing 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 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

**TRUSTEES' REPORT**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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

Approved by order of the members of the board of trustees on 14/12/2021  
and signed on their behalf by:

*Gary Stewart*

Gary Stewart  
**Trustee, Chair of Finance, Audit & Risk Committee**



# Independent auditor's report to the members of GDST Academy Trust

## Opinion

We have audited the financial statements of GDST Academy Trust ('the charitable company') for the year ended 31 August 2021 which comprise the Statement of financial activities (including the income and expenditure account), the Balance sheet, the Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law 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 (United Kingdom Generally Accepted Accounting Practice) and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2020 to 2021

## Basis for opinion

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

## Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

In our evaluation of the trustees' conclusions, we considered the inherent risks associated with the charitable company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the trustees and the related disclosures and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to



## Independent auditor's report to the members of GDST Academy Trust

continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the trustees with respect to going concern are described in the 'Responsibilities of trustees for the financial statements' section of this report.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report including Reference and Administrative details, the Trustees Report, the Governance Statement, the Statement on regularity, propriety and compliance and the Statement of trustees' responsibilities, 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.

### **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 strategic report and the director's report, prepared for the purposes of company law, included in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' annual report have been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' annual report.

### **Matters on which we are required to report by exception**

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



## Independent auditor's report to the members of GDST Academy Trust

- certain disclosures of the 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 for the financial statements**

As explained more fully in the Statement of trustees' responsibilities set out on page 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company'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 charitable company 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud:**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and the sector in which it operates. We determined that the following laws and regulations were most significant: the Academies Accounts Direction, The Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102), and the Companies Act 2006.
- We understood how the charitable company is complying with these legal and regulatory frameworks by



## Independent auditor's report to the members of GDST Academy Trust

making inquiries of management and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes, and through our legal and professional expenses review.

- We assessed the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur and the risk of material override of controls. Audit procedures performed by the engagement team included:
  - Identifying and assessing the design effectiveness of certain controls management has in place to prevent and detect fraud
  - Challenging assumptions and judgments made by management in its significant accounting policies
  - Identifying and testing journal entries
  - Identifying and testing related party transactions
  - Inspecting the board minutes
  - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
  - Knowledge of the industry in which the charitable company operates, and
  - Understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation.
- The team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition through manipulation of income.
- We did not identify any matters relating to non-compliance with laws and regulation and fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - The charitable company's operations, including the nature of its revenue sources, to understand the classes of transactions, accounts balances, expected financial statement disclosures and business risks that may result in risks of material misstatement, and
  - The charitable company's control environment, including:





## Independent auditor's report to the members of GDST Academy Trust

- Management's knowledge of relevant laws and regulations and how the charitable company is complying with those laws and regulations
- The adequacy of procedures for authorisation of transactions and review of management accounts, and
- Procedures to ensure that possible breaches of laws and regulations are appropriately resolved

### **Use of our report**

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

*Grant Thornton UK LLP*

Stephen Dean  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

14/12/2021



# Independent reporting accountant's assurance report on Regularity to GDST Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 11 October 2021 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts and the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by GDST Academy Trust during the period 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

## **Respective responsibilities of GDST Academy Trust's accounting officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of GDST Academy Trust's funding agreement with the Secretary of State for Education dated 22 February 2007, and the Academies Financial Handbook extant from 1 September 2020, 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, the extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts, the requirements of the Academies Accounts Direction 2020 to 2021 and our engagement letter, and are to obtain limited assurance and report in accordance with our engagement letter, the extant Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts and the Academies Accounts Direction 2020 to 2021 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

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

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

The work undertaken to draw our conclusion includes:

- an assessment of the risk of material irregularity, impropriety and funding non-compliance across the Academy Trust's activities;
- evaluation of the processes and controls established and maintained by the Academy Trust in respect of regularity, propriety and compliance of the use of public funds through observation and testing of the arrangements in place and enquiry of the Accounting Officer;
- consideration and corroboration of the evidence obtained in relation to the Accounting Officer's statement on regularity, propriety and compliance; and
- limited testing on a sample basis of income received and expenditure disbursed for the areas identified as



# Independent reporting accountant's assurance report on Regularity to GDST Academy Trust and the Education and Skills Funding Agency

high risk.

## Conclusion

In the course of our work, except for the matter listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 have not been applied to the purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

- **Matter 1 Reporting and approval of related party transactions:** As reported in the Accounting Officer's Statement of Regularity, Propriety and Compliance there was an instance of material irregularity during the financial year as disclosed in Note 25 'Related Party Transactions' to the financial statements. Prior approval for related party contracts with the Trust's Sponsor of value £98,080 was not obtained from the ESFA because of an irregularity in the process followed by the Academy Trust in awarding these contracts to the Sponsor. This represents a breach of the requirements of paragraph 5.41 of the Academies Financial Handbook 2020 and therefore constitutes a reportable irregularity. The ESFA concluded that the conflict of interest between the Academy Trust and its Sponsor had not been adequately managed and did not meet the requirements of section 5.37 of the Academies Financial Handbook. Although the ESFA deemed this a breach of the Handbook, their decision did not prevent the Trust from entering into or continuing with the agreements.

## Use of this report

This report is made solely to GDST Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to GDST Academy Trust and the ESFA those matters we are required to state to them 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 GDST Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

*Grant Thornton UK LLP*

Reporting Accountant  
**Grant Thornton UK LLP**  
Chartered Accountants  
London

Date: 14/12/2021

**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2021 Total £'000	2020 Total £'000
<b>Income</b>						
Donations and capital grants	2	28	7	149	<b>184</b>	1,757
Other trading activities	3	409	-	-	<b>409</b>	571
Investment income	4	-	-	-	-	5
<b>Income from charitable activities</b>						
Funding for the academies' educational operations	5	31	12,116	147	<b>12,294</b>	11,507
<b>Total incoming resources</b>		<b>468</b>	<b>12,123</b>	<b>296</b>	<b>12,887</b>	<b>13,840</b>
<b>Expenditure on:</b>						
Raising funds	6	667	-	-	<b>667</b>	716
<b>Charitable activities:</b>						
Academies' educational operations	7	-	12,049	956	<b>13,005</b>	12,266
<b>Total</b>		<b>667</b>	<b>12,049</b>	<b>956</b>	<b>13,672</b>	<b>12,981</b>
<b>Net income/(expenditure)</b>						
Transfers between funds	15	(199)	74	(660)	<b>(785)</b>	859
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	24	-	(403)	-	<b>(403)</b>	(142)
<b>Net movement in funds</b>		<b>(199)</b>	<b>(352)</b>	<b>(637)</b>	<b>(1,188)</b>	717
<b>Reconciliation of funds</b>						
Total funds brought forward	15	2,170	(5,841)	33,872	<b>30,201</b>	29,484
<b>Total funds carried forward</b>		<b>1,971</b>	<b>(6,193)</b>	<b>33,235</b>	<b>29,013</b>	<b>30,201</b>

All of the Academy Trust's activities derived from continuing operations during the above two financial periods.

**BALANCE SHEET AS AT 31 AUGUST 2021**

	Note	2021 £'000	2021 £'000	2020 £'000	2020 £'000
<b>Fixed assets</b>					
Tangible assets	11		<u>32,856</u>		<u>33,536</u>
<b>Current assets</b>					
Stocks	12	-		-	
Debtors	13	337		677	
Cash at bank		<u>3,246</u>		<u>2,260</u>	
		<b>3,583</b>		<b>2,937</b>	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	14	<u>(2,149)</u>		<u>(1,826)</u>	
<b>Net current assets</b>			<u><b>1,434</b></u>		<u>1,111</u>
<b>Total assets less current liabilities</b>			<u><b>34,290</b></u>		<u>31,535</u>
Defined benefit pension scheme liability	24		<u>(5,277)</u>		<u>(4,446)</u>
<b>Total net assets</b>			<u><u><b>29,013</b></u></u>		<u><u>30,201</u></u>
<b>Funds of the Academy Trust</b>					
<b>Restricted funds:</b>					
Fixed asset funds	15	33,235		33,872	
General funds	15	(916)		(1,395)	
Pension reserve	15	<u>(5,277)</u>		<u>(4,446)</u>	
<b>Total restricted funds</b>			<u><b>27,042</b></u>		<u>28,031</u>
<b>Unrestricted funds:</b>					
General funds	15	<u>1,971</u>		<u>2,170</u>	
<b>Total unrestricted funds</b>			<u><b>1,971</b></u>		<u>2,170</u>
<b>Total funds</b>			<u><u><b>29,013</b></u></u>		<u><u>30,201</u></u>

The financial statements were approved by the Trustees, and authorised for issue on 14/12/2021 2021 and are signed on their behalf, by:

*Gary Stewart*

Gary Stewart  
**Trustee, Chair of Finance, Audit & Risk  
 Committee**

## STATEMENT OF CASH FLOWS

	Note	2021 £'000	2020 £'000
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	19	966	(67)
<b>Cash flows from investing activities</b>			
	20	20	54
<b>Change in cash and cash equivalents in the reporting period</b>		<b>986</b>	<b>13</b>
<b>Cash and cash equivalents at 1 September 2020</b>		<b>2,260</b>	<b>2,273</b>
<b>Cash and cash equivalents at 31 August 2021</b>	21	<b>3,246</b>	<b>2,260</b>

**NOTES TO THE FINANCIAL STATEMENTS****1 ACCOUNTING POLICIES**

The Academy Trust is a company limited by guarantee (No. 06000347) incorporated in England and Wales and is an exempt charity. The registered office is 10 Bressenden Place, London, SW1E 5DH. The principal objective of the Academy Trust is to advance education for the public benefit, by establishing, maintaining, operating and developing schools, including but not limited to academies.

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

**Basis of preparation**

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are presented in Sterling (£).

**Going concern**

After making appropriate enquiries, the ATB has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of approval of these financial statements.

Three year forecasts to 2023/24 have been prepared by each Academy and approved by the ATB following scrutiny by the Finance, Audit and Risk Committee. Sensitivity analysis focusing on the level of GAG income and pupil numbers has been performed to demonstrate different financial scenarios should the amount of funding change or there be a decrease in pupil numbers particularly in the Sixth Form. Results indicate that even in a worst-case scenario, in the event there is no uplift in GAG funding or if there was a dip in pupil numbers, the Academy Trust has sufficient resources and reserves to continue for at least 12 months from the date of approval of the financial statements. Despite the impact of COVID-19 on the general economy, 80% of the Academy Trust's income is provided in the form of fixed government funding which is allocated six months ahead of each academic year. This allows management to divert resources to other areas and review costs should funding decrease. As such, the Academy Trust can reliably forecast its future financial position.

**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.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable.

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

### **Sponsorship income**

The value of sponsorship provided to the Academy Trust is recognised in the Statement of Financial Activities in the period in which it is receivable, (where there are no performance related conditions) where the receipt is probable and the amount can be measured reliably.

### **Donations**

Donations are included in the Statement of Financial Activities on a receivable basis (where there are no performance related conditions) where the receipt is probable and the amount can be measured reliably.

### **Other Income**

Other income is recognised in the period in which it is receivable and to the extent that the goods have been provided or on completion of the service.

### **Donated services and gifts in kind**

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

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding



## **NOTES TO THE FINANCIAL STATEMENTS**

amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the Academy's accounting policies.

### **Interest receivable**

Interest receivable is included within the statement of financial activities on a receivable basis.

### **Expenditure**

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

### **Tangible fixed assets**

Tangible fixed assets acquired since the Academy Trust was established are included in the accounts at cost. All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised. Fixed assets donated by third parties are recognised as income at their fair value in the period in which the Academy Trust has entitlement to the incoming resources, where the benefit to the Academy Trust can be reliably measured and where any performance related conditions have been fully met.

### **Depreciation**

Depreciation is charged on a straight line basis beginning in the year in which the asset is brought into use at the following annual rates:

Leasehold buildings and improvements	2% p.a.
Leasehold building refurbishments	10% p.a.
Furniture, fittings and equipment	25% p.a.
Computer equipment	25% p.a.

**NOTES TO THE FINANCIAL STATEMENTS**

Motor vehicles 25% p.a.

Where fixed assets have been acquired with the aid of specific grants or donations, they are included in the balance sheet at cost or valuation and are 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). The depreciation on such assets is charged in the Statement of Financial Activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use. Fixed assets donated by third parties are recognised as income at their fair value in the period in which the Academy Trust has entitlement to the incoming resources, where the benefit to the Academy Trust can be reliably measured and where any performance related conditions have been fully met.

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.

**Stock**

Catering stocks are stated at the lower of cost and net realisable value.

**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.

**Provisions**

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

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

## **NOTES TO THE FINANCIAL STATEMENTS**

### **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.

### **Leased assets**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight line basis over the lease term.

### **Agency arrangements**

The Academy Trust acts as an agent in distributing 16-19 Bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy Trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 28.

### **Pensions**

Academy Trust staff are members of three pension schemes, all of which are defined benefit schemes. More details of the schemes are given in note 24.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 24, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

## **NOTES TO THE FINANCIAL STATEMENTS**

interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

### **Fund Accounting**

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the ESFA/DfE.

### **Financial instruments**

The Academy Trust only holds basic financial statements 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 statements and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to Girl's Day School Trust are held at face value less any impairment.

Cash at bank – is classified as a basic financial instrument and is measured at fair value.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to Girl's Day School Trust are held at face value less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS****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.

**Critical accounting estimates and assumptions**

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

The present value of the Local Government Pension Scheme and GDST 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 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 2 DONATIONS AND CAPITAL GRANTS

	<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>2021 Total £'000</b>	<b>Unrestricted funds £'000</b>	<b>Restricted Funds £'000</b>	<b>2020 Total £'000</b>
Sponsor capital donation	-	-		-	14	14
Other capital donation	-	149	<b>149</b>	-	1,705	1,705
Sponsor revenue donation	24	-	<b>24</b>	37	-	37
Other donations	4	7	<b>11</b>	1	-	1
	<u>28</u>	<u>156</u>	<u><b>184</b></u>	<u>38</u>	<u>1,719</u>	<u>1,757</u>

### 3 OTHER TRADING ACTIVITIES

	<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>2021 Total £'000</b>	<b>Unrestricted funds £'000</b>	<b>Restricted Funds £'000</b>	<b>2020 Total £'000</b>
Hire of facilities	61	-	<b>61</b>	102	-	102
Catering income	186	-	<b>186</b>	328	-	328
Sundry income	35	-	<b>35</b>	27	-	27
Transport scheme income	127	-	<b>127</b>	114	-	114
	<u>409</u>	<u>-</u>	<u><b>409</b></u>	<u>571</u>	<u>-</u>	<u>571</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 4 INVESTMENT INCOME

	Unrestricted funds £'000	Restricted funds £'000	2021 Total £'000	Unrestricted funds £'000	Restricted Funds £'000	2020 Total £'000
Short term deposits	-	-	-	5	-	5

### 5 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted funds £'000	2021 Total £'000	Unrestricted funds £'000	Restricted Funds £'000	2020 Total £'000
<b>DfE/EFA revenue grants</b>						
General Annual Grant (GAG)	-	10,253	<b>10,253</b>	-	9,628	9,628
Other DfE grants	-	1,168	<b>1,168</b>	-	1,160	1,160
Capital grant	-	147	<b>147</b>	-	327	327
	-	<b>11,568</b>	<b>11,568</b>	-	<b>11,115</b>	<b>11,115</b>
<b>Other Government grants</b>						
Other Government grants	-	267	<b>267</b>	-	185	185
	-	<b>267</b>	<b>267</b>	-	<b>185</b>	<b>185</b>
<b>COVID-19 Additional Funding (DfE/ESFA)</b>						
Catch up premium	-	143	<b>143</b>	-	-	-
Other DfE/ESFA COVID-19 funding	-	97	<b>97</b>	-	185	185
	-	<b>240</b>	<b>240</b>	-	<b>185</b>	<b>185</b>
<b>COVID-19 Additional funding(non DfE/ESFA)</b>						
Coronavirus Job Retention Scheme	-	45	<b>45</b>	-	75	75
Coronavirus exceptional support	-	-	-	-	12	12
	-	<b>45</b>	<b>45</b>	-	<b>87</b>	<b>87</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 5 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS (CONTINUED)

Other income from the Academy	31	143	<b>174</b>	20	100	120
Trust's educational operations	31	143	<b>174</b>	20	100	120
	<u>31</u>	<u>12,263</u>	<u><b>12,294</b></u>	<u>20</u>	<u>11,487</u>	<u>11,507</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 "COVID-19 Additional funding".

The Academy Trust received £143k of funding for catchup premium costs and costs incurred in respect of this funding totalled £33k with the remaining £110k to be spent in 2021/22.

The Academy Trust furloughed some of its catering and community hire roles under the government's CJRS. The funding received of £45k relates to staff costs in respect of 22 staff which are included within note 8 below as appropriate.

### 6 EXPENDITURE

	Non pay expenditure			2021 Total £'000	2020 Total £'000
	Staff costs £'000	Premises £'000	Other Costs £'000		
Costs of activities for generating funds	375	-	292	<b>667</b>	715
	<b>375</b>	-	<b>292</b>	<b>667</b>	715
Academy's educational operations					
Direct costs	8,630	473	492	<b>9,595</b>	8,896
Allocated support costs	1,748	1,226	436	<b>3,410</b>	3,370
	<b>10,378</b>	<b>1,699</b>	<b>928</b>	<b>13,005</b>	12,266
	<b>10,753</b>	<b>1,699</b>	<b>1,220</b>	<b>13,672</b>	12,981



**NOTES TO THE FINANCIAL STATEMENTS****Net income/(expenditure) for the year includes:**

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Depreciation	<b>956</b>	812
Operating lease rentals	<b>29</b>	27
Fees payable to auditor		
- Audit	<b>24</b>	20
- Other services (tax advisory)	-	3
Loss/(profit) on disposal of fixed assets	-	14

## NOTES TO THE FINANCIAL STATEMENTS

### 7 CHARITABLE ACTIVITIES

	<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>2021 Total £'000</b>	<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>2020 Total £'000</b>
Teaching and educational support staff costs	-	8,630	<b>8,630</b>	-	8,108	8,108
Depreciation	-	473	<b>473</b>	-	346	346
Educational supplies	-	310	<b>310</b>	-	264	264
Examination fees	-	137	<b>137</b>	-	141	141
Staff development	-	14	<b>14</b>	-	11	11
Other direct costs	-	31	<b>31</b>	-	26	26
<b>Total</b>	<b>-</b>	<b>9,595</b>	<b>9,595</b>	<b>-</b>	<b>8,896</b>	<b>8,896</b>

	<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>2021 Total £'000</b>	<b>Unrestricted funds £'000</b>	<b>Restricted funds £'000</b>	<b>2020 Total £'000</b>
<b>Analysis of support costs</b>						
Support staff costs	-	1,748	<b>1,748</b>	-	1,695	1,695
Depreciation	-	483	<b>483</b>	-	480	480
Technology costs	-	129	<b>129</b>	-	127	127
Premises costs	-	743	<b>743</b>	-	762	762
Other support costs	-	282	<b>282</b>	-	285	285
Governance costs	-	25	<b>25</b>	-	21	21
	<b>-</b>	<b>3,410</b>	<b>3,410</b>	<b>-</b>	<b>3,370</b>	<b>3,370</b>
<b>Total</b>	<b>-</b>	<b>13,005</b>	<b>13,005</b>	<b>-</b>	<b>12,266</b>	<b>12,266</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **8 STAFF COSTS**

	<b>2021</b>	2020
	<b>£'000</b>	£'000
<b>a. Staff costs</b>		
Wages and salaries	<b>7,855</b>	7,412
Social security costs	<b>752</b>	724
Other pension costs	<b>2,006</b>	1,738
	<b>10,613</b>	9,874
Supply teacher costs	<b>122</b>	51
Staff restructuring costs	<b>10</b>	-
	<b>10,745</b>	9,925

#### **b. Non-statutory/non-contractual staff severance payments**

Included in staff restructuring costs are non-statutory/non contractual severance payments totalling £10,000 (2020: £nil).

#### **c. Staff numbers**

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

	<b>2021</b>	2020
	<b>Number</b>	Number
<b>Charitable activities</b>		
Teachers	<b>137</b>	137
Administration and support	<b>125</b>	124
Management	<b>15</b>	16
	<b>277</b>	277

## **NOTES TO THE FINANCIAL STATEMENTS**

### **STAFF COSTS (continued)**

#### **d. Higher paid staff**

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

	<b>2021</b>	2020
	<b>Number</b>	Number
£60,001 - £70,000	<b>3</b>	<b>2</b>
£70,001 - £80,000	<b>1</b>	-
£100,001 - £110,000	<b>1</b>	<b>1</b>
£110,001 - £120,000	<b>1</b>	<b>1</b>
	<hr/> <hr/>	<hr/> <hr/>

#### **e. Key management personnel**

The key management personnel of the Academy Trust comprise the trustees and the senior management teams. The senior management teams comprise the Principals, Vice Principals, Assistant Vice Principals, the Finance Directors and Administrative Manager. The total amount of employee benefits (including employer pension and National Insurance contributions) received by key management personnel for their services to the Academy Trust was £1,259,522 (2020: £1,345,623).

## **NOTES TO THE FINANCIAL STATEMENTS**

### **9 RELATED PARTY EXPENSES, TRUSTEES' AND LOCAL GOVERNORS' REMUNERATION AND EXPENSES**

The Principals and staff Local Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and staff and not in respect of their services as Local Governors. The Trustees and Local Governors did not receive any payments from the Academy Trust in respect of their roles as Trustees and Local Governors. The Principals' remuneration is shown below. The staff Local Governors are not Trustees and hence their remuneration is not disclosed.

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Principal – Belvedere Academy	<b>102</b>	110
Principal – Birkenhead Academy	<b>117</b>	113

The employer's pension contributions paid in the year were:-

Principal – Belvedere Academy	£24,331 (2020: £26,051)
Principal – Birkenhead Academy	£27,804 (2020: £24,871)

The Trustees and Local Governors did not receive any payment or reimbursed expenses from the Academy Trust during the year (2020: £Nil).

Related party transactions involving the Trustees are set out in note 25 and 26.

### **10 TRUSTEES', LOCAL GOVERNORS' AND OFFICERS' INSURANCE**

In accordance with normal commercial practice the Academy Trust has purchased insurances to protect Trustees, Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2021 was £1,100 (2020: £1,100). The cost of this insurance is included in the total insurance cost.

## NOTES TO THE FINANCIAL STATEMENTS

### 11 TANGIBLE FIXED ASSETS

	Leasehold improvements £'000	Long leasehold buildings £'000	Leasehold refurbishments £'000	Assets under construction £'000	Educational furniture and equipment £'000	Motor vehicles £'000	ICT equipment £'000	Total £'000
<b>Cost</b>								
At 1 September 2020	22,861	13,530	680	3,835	1,045	16	1,637	43,604
Additions	-	-	111	-	57	-	108	276
Transfers	3,835	-	-	(3,835)	-	-	-	-
Disposals	-	-	-	-	(4)	(4)	-	(8)
At 31 August 2021	<u>26,696</u>	<u>13,530</u>	<u>791</u>	<u>-</u>	<u>1,098</u>	<u>12</u>	<u>1,745</u>	<u>43,872</u>
<b>Depreciation</b>								
At 1 September 2020	4,083	3,179	274	-	990	5	1,537	10,068
Provided in the year	524	270	76	-	32	4	50	956
Disposals	-	-	-	-	(4)	(4)	-	(8)
At 31 August 2021	<u>4,607</u>	<u>3,449</u>	<u>350</u>	<u>-</u>	<u>1,018</u>	<u>5</u>	<u>1,587</u>	<u>11,016</u>
<b>Net book value</b>								
At 31 August 2021	<u>22,089</u>	<u>10,081</u>	<u>442</u>	<u>-</u>	<u>80</u>	<u>7</u>	<u>160</u>	<u>32,856</u>
At 31 August 2020	<u>18,778</u>	<u>10,351</u>	<u>406</u>	<u>3,835</u>	<u>55</u>	<u>11</u>	<u>100</u>	<u>33,536</u>

The Academy Trust's transactions relating to assets under construction included the construction of a building donated by Liverpool City Council completed and handed over to the Academy Trust in October 2020. The construction costs to 31 August 2020 were recognised as a fixed asset due to the build being on land owned by the Academy Trust, indicating entitlement to the asset during this period.

### 12 STOCKS

	2021 £'000	2020 £'000
Catering	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 13 DEBTORS

	<b>2021</b>	2020
	<b>£'000</b>	£'000
ESFA capital grants receivable	-	163
ESFA other grants receivable	<b>54</b>	50
Amount due from The Girls' Day School Trust	<b>1</b>	16
VAT recoverable	<b>107</b>	145
Trade debtors	<b>8</b>	23
Other debtors	<b>7</b>	10
Prepayments and accrued income	<b>160</b>	270
	<b>337</b>	677

### 14 CREDITORS: Amounts falling due within one year

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Trade creditors	<b>165</b>	192
Accruals and deferred income	<b>504</b>	705
Taxation and social security	<b>288</b>	258
Amounts due to The Girls' Day School Trust	<b>959</b>	421
Other creditors	<b>233</b>	250
	<b>2,149</b>	1,826

### DEFERRED INCOME

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Deferred income at 1 September 2020	<b>124</b>	212
Resources deferred in the year	<b>189</b>	122
Amounts released from previous years	<b>(124)</b>	(210)
Deferred income at 31 August 2021	<b>189</b>	124

## **NOTES TO THE FINANCIAL STATEMENTS**

### **DEFERRED INCOME (continued)**

At the balance sheet date the Academy Trust was holding funds received in advance relating to:

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Deferred ESFA capital grants	<b>13</b>	25
Deferred grants for educational projects	<b>127</b>	54
Funds received in advance for locker hire pupil lunches	<b>24</b>	10
Sundry	<b>25</b>	35
	<b>189</b>	124



## NOTES TO THE FINANCIAL STATEMENTS

### 15 FUNDS

	Balance at 1 September 2020	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2021
	£'000	£'000	£'000	£'000	£'000
<b>Restricted general funds</b>					
General Annual Grant	(1,395)	10,252	(9,867)	(23)	(1,033)
Catch up grant	-	142	(33)	-	110
CJRS	-	45	(45)	-	-
Other ESFA grants	-	1,266	(1,266)	-	-
LEA and other grants	-	267	(267)	-	-
Other restricted	-	150	(143)	-	7
Pensions reserve	(4,446)	-	(428)	(403)	(5,277)
	<b>(5,841)</b>	<b>12,123</b>	<b>(12,049)</b>	<b>(426)</b>	<b>(6,193)</b>
<b>Restricted fixed asset funds</b>					
DfE/ESFA capital grants	18,073	147	(529)	-	17,691
Private sector capital sponsorship	1,109	39	(47)	-	1,101
Capital expenditure from GAG	86	-	(6)	23	103
Local Authority capital grants	4,206	80	(97)	-	4,189
Private sector long leasehold grant	10,345	-	(275)	-	10,070
Other government grants	53	30	(2)	-	81
	<b>33,872</b>	<b>296</b>	<b>(956)</b>	<b>23</b>	<b>33,235</b>
<b>Total restricted funds</b>	<b>28,031</b>	<b>12,419</b>	<b>(13,005)</b>	<b>(403)</b>	<b>27,042</b>
<b>Unrestricted funds</b>	<b>2,170</b>	<b>468</b>	<b>(667)</b>	<b>-</b>	<b>1,971</b>
<b>Total funds</b>	<b>30,201</b>	<b>12,887</b>	<b>(13,672)</b>	<b>(403)</b>	<b>29,013</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FUNDS (continued)

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

	Balance at 1 September 2019	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2020
	£'000	£'000	£'000	£'000	£'000
<b>Restricted general funds</b>					
General Annual Grant	(1,530)	9,628	(9,493)	-	(1,395)
Other EFA grants	-	1,161	(1,161)	-	-
LEA and other grants	-	271	(271)	-	-
Other restricted	-	100	(100)	-	-
Pensions reserve	(3,889)	-	(415)	(142)	(4,446)
	<u>(5,419)</u>	<u>11,160</u>	<u>(11,440)</u>	<u>(142)</u>	<u>(5,841)</u>
<b>Restricted fixed asset funds</b>					
DfE/ESFA capital grants	18,236	327	(490)	-	18,073
Private sector capital sponsorship	1,098	57	(46)	-	1,109
Capital expenditure from GAG	87	-	(1)	-	86
Local Authority capital grants	2,560	1,662	(16)	-	4,206
Private sector long leasehold grant	10,616	-	(271)	-	10,345
Other government grant	55	-	(2)	-	53
	<u>32,652</u>	<u>2,046</u>	<u>(826)</u>	<u>-</u>	<u>33,872</u>
<b>Total restricted funds</b>	<u>27,233</u>	<u>13,207</u>	<u>(12,266)</u>	<u>(142)</u>	<u>28,031</u>
<b>Unrestricted funds</b>	<u>2,251</u>	<u>635</u>	<u>(716)</u>	<u>-</u>	<u>2,170</u>
<b>Total funds</b>	<u>29,484</u>	<u>13,841</u>	<u>12,982</u>	<u>(142)</u>	<u>30,201</u>

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

The General Annual Grant must be used for the normal running costs of the academies within the Academy Trust. Section 3.10.1 of the Academies Financial Handbook removed the previous limits on the amount of General Annual Grant that may be carried forward for eligible academies (eligible academies being those that have moved to census based pupil

## **NOTES TO THE FINANCIAL STATEMENTS**

number funding). Both Belvedere and Birkenhead Academy meet this criteria and hence the Academy Trust is not subject to a limit on the amount to GAG that can be carried forward.

Local Authority grants relate to local authority funding for the provision of education by the academies within the Academy Trust.

The ESFA capital grants are provided by the Government for specific capital purposes.

Sponsorship funds are those funds provided by the academies' sponsors for specific capital projects. The long leasehold grants relate to the capitalisation of the 99 year leases of the properties at Belvidere Road and Devonshire Place which were granted to the Academy Trust by The Girls' Day School Trust.

The transfer from the restricted general fund to the restricted fixed asset fund of £23,000 (2020: £Nil) represents the total capital expenditure funded from the General Annual Grant during the year.

### **Analysis of academies by fund balance**

Fund balances at 31 August 2021 were allocated as follows:

	<b>Total £'000</b>
Belvedere Academy	602
Birkenhead Academy	453
Central Services	-
<b>Total before fixed asset funds and pension reserve</b>	<u>1,055</u>
Restricted fixed asset funds	33,235
Pension reserve	(5,277)
<b>Total funds</b>	<u><u>29,013</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

### FUNDS (continued)

#### Analysis of Academies by cost:

	Teaching and educational support staff costs	Other support staff costs	Educational supplies	Other costs (excluding depreciation)	Total
	£'000	£'000	£'000	£'000	£'000
Belvedere Academy	4,236	882	251	949	<b>6,318</b>
Birkenhead Academy	4,395	865	241	897	<b>6,398</b>
	<b>8,631</b>	<b>1,747</b>	<b>492</b>	<b>1,846</b>	<b>12,716</b>

## 16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2021 are represented by:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets	-	-	32,856	<b>32,856</b>
Current assets	2,236	945	402	<b>3,583</b>
Current liabilities	(265)	(1,861)	(23)	<b>(2,149)</b>
Pension scheme liability	-	(5,277)	-	<b>(5,277)</b>
<b>Total</b>	<b>1,971</b>	<b>(6,193)</b>	<b>33,235</b>	<b>29,013</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **16 ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)**

Fund balances at 31 August 2020 were represented by:

	<b>Unrestricted funds £'000</b>	<b>Restricted general funds £'000</b>	<b>Restricted fixed asset funds £'000</b>	<b>Total funds £'000</b>
Tangible fixed assets	-	-	33,536	<b>33,536</b>
Current assets	2,406	(112)	643	<b>2,937</b>
Current liabilities	(236)	(1,283)	(307)	<b>(1,826)</b>
Pension scheme liability	-	(4,446)	-	<b>(4,446)</b>
<b>Total</b>	<b>2,170</b>	<b>(5,841)</b>	<b>33,872</b>	<b>30,201</b>

### **17 CAPITAL COMMITMENTS**

The Academy Trust had capital commitments of £Nil at 31 August 2021 (2020: £Nil).

### **18 COMMITMENTS UNDER OPERATING LEASES**

At 31 August 2021 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	<b>2021 £'000</b>	<b>Other 2020 £'000</b>
Amounts due within one year	<b>11</b>	11
Amounts due between one and five years	<b>11</b>	23
Amounts due after five years	-	-
	<b>22</b>	<b>34</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 19 RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Net income for the year (as per the Statement of Financial Activities)	<b>(785)</b>	859
Depreciation (note 11)	<b>956</b>	812
Capital grants from DFE and other capital income	<b>(296)</b>	(2,046)
Loss on disposal of tangible fixed assets	-	14
Decrease/(increase) in stocks	-	2
(Increase)/decrease in debtors	<b>340</b>	(66)
Decrease) in creditors	<b>323</b>	(52)
Defined benefit pension scheme cost less contributions payable	<b>348</b>	344
Defined benefit pension scheme finance cost	<b>80</b>	71
Interest received	-	(5)
Net cash provided by/(used in) operating activities	<b>966</b>	<b>(67)</b>

### 20 CASH FLOWS FROM INVESTING ACTIVITIES

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Interest received	-	5
Purchase of tangible fixed assets	<b>(276)</b>	(1,997)
Capital grants/donations from DFE	<b>177</b>	327
Capital funding received from sponsors and others	<b>119</b>	1,719
Net cash provided by investing activities	<b>20</b>	54

## NOTES TO THE FINANCIAL STATEMENTS

### 21 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2021 £'000	2020 £'000
Cash at bank and in hand	<u>3,246</u>	<u>2,260</u>
Total cash and cash equivalents	<u><u>3,246</u></u>	<u><u>2,260</u></u>

### ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2020 £'000	Cash flows £'000	New finance leases £'000	Other non- cash changes £'000	At 1 September 2021 £'000
Cash	2,260	986	-	-	3,246
<b>Total</b>	<u><u>2,260</u></u>	<u><u>986</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,246</u></u>

### 22 CONTINGENT LIABILITIES

There were no contingent liabilities to disclose at 31 August 2021 or 31 August 2020.

### 23 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.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **24 PENSION COMMITMENTS**

#### **Pension and similar obligations**

The Academy Trust's employees belong to three principal pension schemes: The Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by the Merseyside Pension Fund and the GDST Pension Scheme for non-teaching staff. All three schemes are defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and that of the LGPS 31 March 2019. The GDST Pension Scheme was closed to future benefit accrual from 31 December 2016.

#### **Support Staff Pensions**

The deficit of £5,277k included in the financial statements is made up as follows:

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Local Government Pension Scheme	<b>(5,040)</b>	(4,142)
GDST Pension Scheme	<b>(237)</b>	(304)
	<b><u>(5,277)</u></b>	<u>(4,446)</u>

Contributions amounting to £193,039 (2020: £174,722) were payable to the schemes at 31 August 2021 and are included within creditors. Prepaid contributions amounted to £6,171 (2020: £5,944) at 31 August 2021 and are included within debtors.

#### **Teachers' Pension Scheme**

##### **Introduction**

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

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

##### **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



## NOTES TO THE FINANCIAL STATEMENTS

Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

The next valuation result has been delayed and is now due to be implemented from 1 April 2024.

The employer's pension costs paid to TPS in the period amounted to £1,297,229 (2020: £1,235,568). A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

### Local Government Pension Scheme

The Academy Trust is one of several employing bodies within the Local Government Pension Scheme (LGPS). 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 2021 was £473,609 of which employers' contributions totalled £355,510 and employees' contributions totalled £118,100. The amounts for each Academy were:

- Belvedere Employer contributions £145,056 and Employee contributions £55,000.
- Birkenhead Employer contributions £210,454 and Employee contributions £63,100.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **PENSION AND SIMILAR OBLIGATIONS (continued)**

#### **Local Government Pension Scheme (continued)**

The employer's contribution rate comprises two elements:

- The future service funding rate.
- The past service adjustment. This is a stepped amount for each of the three years of the valuation period.

	<b>Belvedere 2021</b>	<b>Birkenhead 2021</b>
Future service funding rate	16.10%	18.30%
Past service adjustment - 2021 total	£10,353	£20,805

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

From 1 April 2008, the employees' contribution rate is banded according to the individual employee's pensionable pay. Employees' rate ranged from 5.5% to 9.9% in the year ended 31 August 2021.

<b>Principal Actuarial Assumptions</b>	<b>Belvedere At 31 August 2021 %</b>	<b>Belvedere At 31 August 2020 %</b>	<b>Birkenhead At 31 August 2021 %</b>	<b>Birkenhead At 31 August 2020 %</b>
	Rate of increase in salaries	<b>4.30</b>	3.80	<b>4.30</b>
Rate of increase for pensions in payment	<b>2.90</b>	2.40	<b>2.90</b>	2.40
Discount rate for scheme liabilities	<b>1.70</b>	1.80	<b>1.70</b>	1.80
Inflation assumption (CPI)	<b>2.80</b>	2.30	<b>2.80</b>	2.30
Commutation of pensions to lump sums	<b>50.00</b>	50.00	<b>50.00</b>	50.00

## NOTES TO THE FINANCIAL STATEMENTS

### PENSION AND SIMILAR OBLIGATIONS (continued)

#### Local Government Pension Scheme (continued)

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

	<b>At 31 August 2021</b>	At 31 August 2020
<i>Retiring today</i>		
Males	<b>21.0</b>	20.9
Females	<b>24.1</b>	24.0
<i>Retiring in 20 years</i>		
Males	<b>22.6</b>	22.5
Females	<b>26.0</b>	25.9

	<b>Belvedere Fair value at 31 Aug 2021 £'000</b>	Belvedere Fair value at 31 Aug 2020 £'000	<b>Birkenhead Fair value at 31 Aug 2021 £'000</b>	Birkenhead Fair value at 31 Aug 2020 £'000
Equities	1,552	1,171	1,074	737
Government bonds	42	60	29	38
Other bonds	356	332	246	209
Property	287	216	198	136
Cash	54	130	38	82
Other	727	495	503	312
<b>Total market value of assets</b>	<b>3,018</b>	<b>2,404</b>	<b>2,088</b>	<b>1,514</b>
<b>Present value of scheme liabilities</b>	<b>(5,590)</b>	<b>(4,563)</b>	<b>(4,556)</b>	<b>(3,497)</b>
<b>(Deficit) in the scheme</b>	<b>(2,572)</b>	<b>(2,159)</b>	<b>(2,468)</b>	<b>(1,983)</b>

The actual return on the scheme assets was:

- Belvedere £102,000 (2020: £14,000)
- Birkenhead £42,000 (2020: £7,000)

## NOTES TO THE FINANCIAL STATEMENTS

### PENSION AND SIMILAR OBLIGATIONS (continued)

#### Local Government Pension Scheme (continued)

#### Amount recognised in the statement of financial activities

	<b>Belvedere</b>	Belvedere	<b>Birkenhead</b>	Birkenhead
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Current service cost (net of employer contributions)	314	150	185	199
Past service cost	-	-	-	-
Net interest cost	37	39	34	26
Admin expenses	4	4	5	5
<b>Total operating charge</b>	<b>355</b>	<b>193</b>	<b>224</b>	<b>230</b>

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

	<b>Belvedere</b>	Belvedere	<b>Birkenhead</b>	Birkenhead
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
<b>At 1 September</b>	<b>4,563</b>	<b>4,501</b>	<b>3,497</b>	<b>2,699</b>
Current service cost	314	280	395	385
Past service cost	-	-	-	-
Interest cost	82	81	64	49
Employee contributions	55	49	63	61
Actuarial (gain)/loss	621	(333)	539	319
Benefits paid	(45)	(15)	(2)	(16)
<b>At 31 August</b>	<b>5,590</b>	<b>4,563</b>	<b>4,556</b>	<b>3,497</b>

## NOTES TO THE FINANCIAL STATEMENTS

### PENSION AND SIMILAR OBLIGATIONS (continued)

#### Local Government Pension Scheme (continued)

##### Movements in the fair value of Academy's share of scheme assets:

	<b>Belvedere</b>	Belvedere	<b>Birkenhead</b>	Birkenhead
	<b>2021</b>	2020	<b>2021</b>	2020
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
<b>At 1 September</b>	2,404	2,269	1,514	1,141
Expected return on assets	45	42	30	23
Actuarial gains/(losses)	418	(67)	278	124
Employer contributions	145	130	210	186
Employee contributions	55	49	63	61
Benefits paid	(45)	(15)	(2)	(16)
Administration expenses	(4)	(4)	(5)	(5)
<b>At 31 August</b>	<b>3,018</b>	2,404	<b>2,088</b>	1,514

The estimated value of employer contributions for the year ended 31 August 2022 is:

- Belvedere £172,000
- Birkenhead £247,000

## **NOTES TO THE FINANCIAL STATEMENTS**

### **PENSION AND SIMILAR OBLIGATIONS (continued)**

#### **GDST Defined Benefits Pension Scheme**

The GDST scheme is a funded defined benefits scheme, with the assets held in separate trustee administered funds. The scheme was closed to new entrants and to future accrual of benefits as of 31 December 2016.

The total contribution made for the year ended 31 August 2021 was £nil (2020: £nil) of which employer's contributions totalled £nil (2020: £nil) and employees' contributions totalled £nil (2020: £nil).

The amounts for each academy were:

- Belvedere Employer contributions £nil (2020: £nil) and Employee contributions £nil (2020: £nil)
- Birkenhead Employer contributions £nil (2020: £nil) and Employee contributions £nil (2020: £nil)

<b>Principal Actuarial Assumptions</b>	<b>At 31 August 2021</b>	At 31 August 2020
Rate of increase in salaries	N/A	N/A
Rate of increase for pensions in payment/ inflation	2.50%	2.35%
Discount rate for scheme liabilities	1.70%	1.65%
Inflation assumption (CPI)	3.13%	2.68%

#### **The Academy Trust's share of the assets and liabilities in the scheme and the expected rates of return were:**

	<b>Fair value at 31 Aug 2021</b>	Fair value at 31 Aug 2020
	£'000	£'000
Equities	449	<b>358</b>
Other bonds	117	<b>115</b>
Other	145	<b>62</b>
Cash	58	<b>120</b>
LDI	151	<b>160</b>
<b>Total market value of assets</b>	<b>920</b>	<b>815</b>
<b>Present value of scheme liabilities</b>	<b>(1,157)</b>	<b>(1,119)</b>
<b>(Deficit) in the scheme</b>	<b>(237)</b>	<b>(304)</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **PENSION AND SIMILAR OBLIGATIONS (continued)**

#### **GDST Defined Benefits Pension Scheme**

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

	<b>At 31 August 2021</b>	At 31 August 2020
<i>Retiring today</i>		
Males	<b>22.4</b>	22.4
Females	<b>24.4</b>	24.3
<i>Retiring in 20 years</i>		
Males	<b>24.0</b>	24.0
Females	<b>25.9</b>	25.8

#### **Total expenditure recognised in the Statement of Financial Activities**

	<b>2021 £'000</b>	2020 £'000
Net interest cost	<b>5</b>	4
Current service cost	<b>(11)</b>	
Curtailments and administration expenses	-	2
Total operating charge	<b>(6)</b>	6

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS 102 is a £268,000 (2020: £329,000) loss.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **PENSION AND SIMILAR OBLIGATIONS (continued)**

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

	<b>2021</b>	2020
	<b>£'000</b>	£'000
<b>At 1 September</b>	<b>1,119</b>	874
Interest cost	<b>18</b>	16
Actuarial loss/(gain)	<b>49</b>	252
Benefits paid	<b>(29)</b>	(23)
<b>At 31 August</b>	<b>1,157</b>	1,119

**Movements in the fair value of the Academy Trust's share of scheme assets:**

	<b>2021</b>	2020
	<b>£'000</b>	£'000
<b>At 1 September</b>	<b>815</b>	775
Interest income	<b>13</b>	14
Actuarial gains/(losses)	<b>110</b>	39
Employer contributions	<b>14</b>	14
Benefits paid	<b>(29)</b>	(23)
Administration expenses	<b>(3)</b>	(4)
<b>At 31 August</b>	<b>920</b>	815

The estimated value of employer contributions for the year ended 31 August 2022 is £nil.



## **NOTES TO THE FINANCIAL STATEMENTS**

### **25 RELATED PARTY TRANSACTIONS**

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees/local governing body being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a trustee/local governor may have an interest. All transactions involving such organisations are conducted in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The Girls' Day School Trust (GDST), the main sponsor of the Academy Trust, had the following trustees in common during the year:

Hilary Ann Ewing  
 Judith Simons  
 Anne Hockaday

Cheryl Giovannoni, the Chief Executive of the GDST and Jonathan Davis, the Chief Financial Officer of the GDST, are also trustees of the Academy Trust.

A formal operating agreement exists between the Academy Trust and the GDST whereby the GDST shall supply a number of services to the Academy Trust (at no more than such services could reasonably be obtained in the open market). The GDST has carried out a costing exercise to demonstrate that all services provided have actually been delivered to the Academy Trust at less than cost. The amount of services supplied in the year ended 31 August 2021 is as follows:

	<b>2021</b>	2020
	<b>£'000</b>	£'000
ICT support services	84	84
Payroll services	13	13
Internal audit services	1	1
	<b>98</b>	98

As described in the Statement of Regularity, Propriety and Compliance on page 26, approval for these related party contracts was not issued by ESFA though this did not prevent the Trust from entering into or continuing with the agreements.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **RELATED PARTY TRANSACTIONS (continued)**

Creditors includes the sum of £959,533 (2020: £421,014) which was due from the Academy Trust to the GDST at 31 August 2021. This amount comprises:

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Reimbursement of payroll costs	<b>905</b>	366
Creditor for services/advice	<b>55</b>	55
Other	-	-
	<b>960</b>	421

Debtors include the sum of £794 (2020: £15,989) receivable from the GDST.

### **26 TRUSTEES' AND LOCAL GOVERNORS' REMUNERATION AND EXPENSES**

The Principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of Principal and Staff, and not in respect of their services as Governors. Other Governors did not receive any payments from the Academy Trust in respect of their role as Governors.

### **27 ULTIMATE CONTROLLING COMPANY**

The immediate parent undertaking and ultimate controlling party is The Girls' Day School Trust, a charitable company incorporated in England and Wales. The consolidated financial statements of Girls' Day School Trust are available to the public and may be obtained from Companies House.

### **28 AGENCY ARRANGEMENTS**

The Academy Trust distributes 16-19 Bursary Funds to students as an agent for ESFA. In the year ended 31 August 2021 the Academy Trust received £50,140 (2020: £36,369) and disbursed £39,048 (2020: £32,075) from the Fund. Unspent Bursary Funding of £36,365 (2020: £25,091) is included in creditors.