

Areté Learning Trust
(A Company Limited by Guarantee)

Financial Statements
for the Year Ended 31 August 2021

Areté Learning Trust
(A Company Limited by Guarantee)

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for the Year Ended 31 August 2021

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Areté Learning Trust
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for the Year Ended 31 August 2021
Reference and Administrative Information

MEMBERS

Prof G Henderson
Dr N Land Chair
Mrs K Picking
Mr S Brennan
Mr P Bartlett

TRUSTEES

Mr D Adrian Resigned 24th February 2021
Mr S Brennan Chair
Mrs C M Brooker (CEO) Resigned as CEO 30th April 2021
Mr R Crane (CEO)
Mr M Foster
Ms J Hooton
Prof A Slade
David Sharp Appointed 16th October 2020
Prof Louisa Els Appointed 16th October 2020

SENIOR MANAGEMENT TEAM

Mrs C M Brooker CEO Resigned 30th April 2021
Mr R Crane CEO Appointed 12th April 2021
Mrs H L Millett Head Teacher
Mrs J Potter Head Teacher
Mrs V Rahn Head of School
Mr A Watt Finance Director
Mrs H Wiseman Financial Controller
Mr J Tait Director of School Improvements and Deputy CEO

COMPANY NAME Areté Learning Trust

PRINCIPAL AND REGISTERED OFFICE Stokesley School
Station Road
Stokesley
North Yorkshire
TS9 5AL

COMPANY REGISTRATION NUMBER 09471240

BANKERS Lloyds Bank
37 Westgate
Guisborough
TS12 6BD

INDEPENDENT AUDITOR Anderson Barrowcliff LLP
Chartered Accountants
3 Kingfisher Court
Bowesfield Park
Stockton on Tees
TS18 3EX

SOLICITORS Wrigleys
19 Cookridge Street
Leeds
LS2 3AG

Areté Learning Trust
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Trustees' Report
for the Year Ended 31 August 2021

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2021. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The Trust currently operates three academies for pupils aged 11 to 18 in Northallerton, Richmond and Stokesley areas respectively.

	Pupil Admission Number	Number on roll
Northallerton School & Sixth Form College	225	1039
Richmond School & Sixth Form College	250	1316
Stokesley School & Sixth Form College	189	1142

The Trust was named as the preferred sponsor for Northallerton School, following the school's Ofsted designation of "Special Measures" in 2018. The Trust has sponsored Northallerton School from September 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Areté Learning Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of Arété Learning Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Arété Learning Trust.

Details of the Trustees who served during the year, and to the date the accounts are approved are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

Trustees and governors benefit from indemnity insurance to cover liability which by virtue of any rule or law would otherwise attach to them in respect of any negligence, default or breach of trust or duty of which they may be guilty in relation to the Trust. The insurance provides cover up to £2,000,000 on any one claim. The Trust subscribes to the DfE's Risk Protection Arrangement (RPA) which is an alternative to commercial insurance for Academy Trusts. The RPA covers a broad spectrum of assets and risks, including trustee and governor liability at a cost of £18 per student which is deducted from the General Annual Grant (GAG). For 20/21 the cost of the RPA was £62,784. The Trust additionally invests in Directors' and Officers' Liability insurance.

Method of Recruitment and Appointment or Election of Trustees

Trustees may be appointed provided that such a Trustee is a person with sufficient local knowledge of the area within which the Trust is located to represent the interests of the local community or bring skills to the Board which will be of benefit to the Trust. When established, the Trust appointed Trustees whose range of skills were of particular benefit to a Trust board. The Trust has a written statement of principles for recruitment of future additional Trustees: Arété Learning Trust Recruitment/Appointment Principles July 2017. Trustees are appointed for a four-year term save for the CEO who is entitled to be a trustee for as long as he or she is in post. Trustees are eligible to be re-elected at the end of their term. There is no limit to the number of terms a trustee may serve.

The Trust has appointed local governing bodies (LGBs) for Northallerton, Richmond and Stokesley Schools, to which two parent governors can be elected respectively. Their primary responsibility is to provide support and challenge to the Headteacher in terms of securing high standards of achievement for all students and to ensure that all statutory responsibilities, particularly with regard to standards, Health & Safety, safeguarding and wellbeing are fulfilled. There are clear Terms of Reference for the LGBs, each of which is which is a committee of the Board.

Senior leaders in the schools are responsible for the day to day management, for acting upon strategic decisions taken by the Board and/or the LGB and ensuring that improvement priorities are identified, agreed and addressed.

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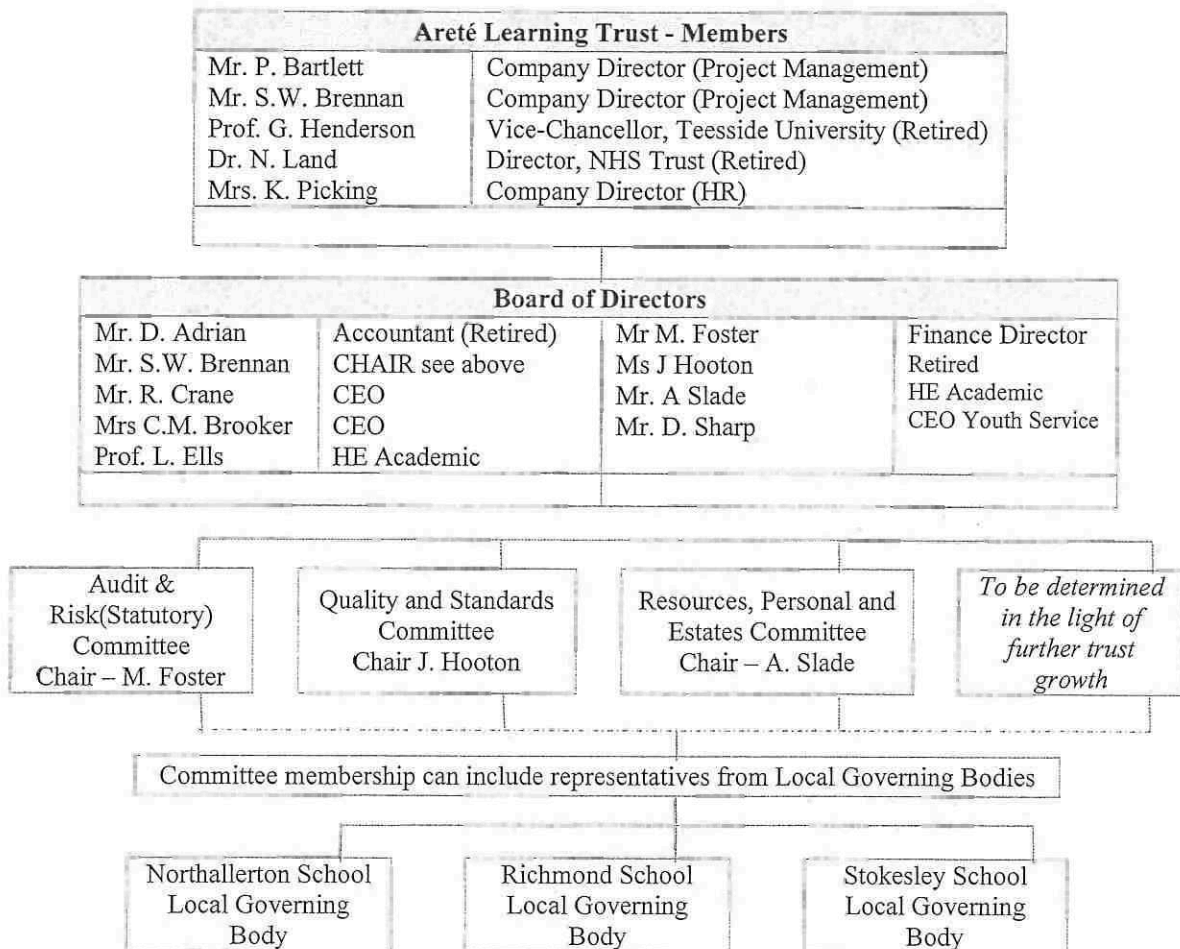
Trustees' Report
for the Year Ended 31 August 2021 (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

New Trustees are provided with support and training following their appointment, through bespoke in-house training from established Trustees and as part of training commissioned from independent professionals, our solicitors and our HR advisers. The skills of the current Trustees include private sector finance, higher education, school leadership development, project management and company law. Two further directors were recruited to join the board for the year 2020-2021 one of whom brings expertise as a Professor of Obesity and the other as CEO of a youth service organisation. The diverse skills of directors are employed in providing training for the whole Board as well as for LGBs and executive staff. New Trustees are asked to familiarise themselves with the Governance Handbook as part of their induction and the Competency Framework is used as part of the recruitment strategy. Both of these documents are referenced and reflected in the Trust's Governance Handbook. Trustees are also required to confirm that they have read documentation including Keeping Children Safe In Education.

Trust Organisational Structure as at academic year beginning September 2020



Three new appointments have been made as part of the trust's succession planning strategy for the academic year 20/21.

Management Structure

The levels of delegation to school leaders and LGBs are set out in the Scheme of Delegation and the more detailed appendices which outline the main responsibilities of school leaders, LGBs, the CEO, and Board committees.

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Trustees' Report
for the Year Ended 31 August 2021 (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

2020/21

Senior Leaders Northallerton: V Rahn (Head of School) A Wilkinson (Deputy Headteacher)

Senior Leaders Richmond: J Potter (Headteacher), C Wardle (Deputy Headteacher)

Senior Leaders Stokesley: H Millett (Headteacher) J Darbyshire (Deputy Headteacher)

Arrangements for setting and remuneration of key management personnel

Apart from the CEO, all other Trustees are non-executive and receive no remuneration for their work as Trustees. The Trust pay policy recognises, and is based on, the current National School Teachers' Pay and Conditions Document. The policy is also subject to consultation with teachers' professional association representatives on an annual basis, as part of the JCC arrangements the trust has agreed with them and with support-staff unions. Central to the policy is the Trust's wish to recognise and reward good and outstanding performance by ALT staff. Pay awards are made in line with clearly stated criteria for progression in the context of the National Standards for teachers. Headteachers are paid in accordance with the School Teachers' Pay and Conditions Document, paragraphs 4 to 6. The schools' senior staff are also remunerated in line with the guidance therein. The salaries of the CEO and FD are benchmarked with comparable MATs and are reviewed in the context of appraisal objectives and performance reviews. The Board convenes a Remuneration Committee specifically for the appraisal and salary review of the CEO, as well as to moderate performance-related recommendations across all three academies and central staff.

Trade Union Facility Time

The trust has a Facility Time Agreement with the unions, in accordance with The Trade Union (Facility Time Publication Requirements) Regulations 2017.

Number of employees who were relevant union officials during the relevant period – 5 fte.

Percentage of time spent on facility time - 0%

Related parties and other connected charities and organisations

The Trust received no additional funding from sponsors during 2020/21.

Richmond school received £25,142 as a charitable donation from the charity "Richmond School Trustees" to support the education of disadvantaged children.

Engagement with employees

The Trust takes seriously the responsibility for equal opportunities prior to employment, i.e. applicants as well as for current employees. This is reflected in policies and in practice, and is kept under review. This is exemplified in the Accessibility policies (academy specific), the Equality and Diversity policy (trust-wide) and the Equal Opportunities policy (trust-wide.)

Our recruitment processes include measures to guard against any discrimination factors, including all protected characteristics. Reasonable adjustments are made to enable employees to be able to undertake work in the academies - for example by timetable planning which accommodates ground floor only requirements, lighting adjustments etc. We also seek specialist advice when required. Training and development opportunities are open to all employees.

Engagement with employees includes a formal agreement to facilitate consultation with staff: a recognition agreement is in place and a Joint Consultation committee meets regularly with the CEO. During the course of the year, equalities, recruitment, pay and wellbeing policies and statements have been reviewed with staff members' regional representatives. All policies developed and/or reviewed during the year take account of protected characteristics under the Equalities Act. The headteachers have also consulted staff on a number of policy development issues, including uniform change, behaviour policies and cost reduction exercises. The Executive Leadership Team meets regularly and the academy heads report to their staff strategic decisions made and seek their views on significant policy development.

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Trustees' Report
for the Year Ended 31 August 2021 (continued)

Engagement with suppliers, customers and others

The trust recognises the importance of fostering long term mutually beneficial trading relationships with a portfolio of local, regional and national suppliers. All procurement is undertaken with regard to The Academies Financial Handbook. We acknowledge the lowest price may not always represent the best long term value for money and recognise the need to peer review procurement activity across of all the Trust sites. To support our suppliers, payment terms are respected and payments are made to those terms.

OBJECTIVES AND ACTIVITIES

Objects and Aims

Areté Learning Trust was set up on 1 April 2015, its principal aim being encompassed in its vision of -
“being the best we can be” by –

“uniting schools, communities and families to secure success for all young people”

“Being the Best We Can Be” (extract from our Scheme of Delegation)

Every academy within the Trust will have its own unique values and ethos but must be committed to the overarching principle of “being the best we can be”, the mission statement of the Arété Learning Trust (ALT), which will underpin the work of all Trust academies. This is rooted in the shared belief that every child, whatever his or her circumstances and starting point, has unique skills and qualities and given the support, encouragement, opportunity and challenge to achieve, can do so. It is the commitment of the company to create a context for all children and young people to thrive, academically, personally and socially, so that they experience the real joy of learning.

We are committed to -

- seamless cross-phase learning to maximise students’ progress and success
- securing quality of service by growing in a measured way, in terms of area and resource
- securing cost-effectiveness in all business activity, to enhance provision
- serving inclusively the local community of ALT academies
- accepting, as a sponsor, the broader moral responsibility for improving schools in need of support
- the principle of partnership between primary and secondary schools
- sustainable and measured growth as a Trust
- the aspiration of “being the best we can be” for all children and young people in ALT academies

Our purpose as a MAT is:

- to enable schools to work together, share expertise and maximise efficiency and effectiveness across the MAT
- to secure rapid and sustained improvement for any schools sponsored by the Trust
- to enable all children and young people in ALT Academies to leave our schools having achieved well, strengthened by the values and aspirations of the ALT and being well prepared to face the next challenge in their learning, personal and social development.

2019 - 2022 Medium Term Strategic Priorities

- to improve the educational experience and outcomes for all students whatever their starting point
- to ensure the trust continues in a secure financial position to operate effectively in the face of increasing costs and inadequate funding to improve working conditions and provision for staff and students
- to ensure that all ALT schools are fully committed to and engaged in the principle and practice of collaboration to drive improvement across all our schools
- to implement a Quality Assurance Programme across the Trust with external validation/peer review
- to develop a sustainable model for Post 16 provision
- to implement a trust wide stage-appropriate professional development curriculum for leaders, teachers & support staff
- to address the issue of staff workload, wellbeing and mental health
- to plan and implement a trust-wide wellbeing, mental and physical health programme for all students
- to ensure that further measured expansion enables the trust to have the resource, access to guaranteed funding and capacity to deliver large scale economies and efficiencies by building the infrastructure of the trust, considering all growth options
- to work towards the core aim of seamless cross phase learning by including primary schools and potentially an FE college within the trust
- to develop a trust model of alternative provision for students who will benefit from this

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Trustees' Report
for the Year Ended 31 August 2021 (continued)

OBJECTIVES AND ACTIVITIES (continued)

In addition, for the year 20/21 the Trust's key priorities were:

- the physical move to the new school site and rapid improvement of Northallerton School
- collaboration to secure school improvement across all three trust schools
- further development of the Capacity Strategy to realise measured growth, with no compromise to provision for trust schools
- continued policy development and rationalisation across the trust
- further development of financial reporting and analysis to increase consistency, robustness, efficiency and effectiveness
- securing the Trust's financial sustainability
- securing funding for much-needed premises development and improvement
- to ensure we operated to the Covid secure guidelines as advised to ensure the safety of both children and staff across all 3 sites
- minimising the impact of ongoing Covid uncertainty both at curriculum and operational levels
- development of a Covid recovery and catch-up plan for each trust school

Public Benefit

Areté Learning Trust considers the Charity Commission's guidance on Public Benefit and has complied with it by delivering a high quality education for its students, evidenced by key performance indicators in terms of students' outcomes. Details of these can be found on the Trust schools' websites.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

Owing to the pandemic where exam results, Progress 8 measures etc. would have been KPIs, these are no longer applicable for the 2020/21 academic year.

Trends in examination results continued to be positive during the Covid pandemic: the consequent use of Teacher Assessed Grades evidenced this though the circumstances rendered national comparative judgements unreliable.

During the extended lockdown throughout the pandemic, all three schools collaborated in providing an online curriculum which was extremely well-received by students and parents.

The virus control measures inevitably affected the core purpose of raising achievement and costs incurred exceeded planned spending in terms of health, safety, hygiene measures and digital learning. Concerns about staff wellbeing informed a trust-wide survey, the results of which informed subsequent planning and policy.

Following the significant impact on community confidence in Northallerton School resulting from the Special Measures judgement in 2018, the Trust's sponsorship has enhanced its reputation. Having gained government funding of £8.9 million to relocate the school to improved accommodation and investing extensively during 19/20 in the improvement of standards, the fall in roll has been reversed at Year 7 and for Sixth Form. Northallerton School's relocation to the Brompton Road sites took place over the summer of 2021.

The Trust continued to manage its finances effectively so that, notwithstanding increasing costs and other pressures on school funding, we continue in a relatively strong position, in terms of governance and operational effectiveness.

In addition to two successful CIF grants awarded in May 2020, the Trust has invested from its own resources in further school improvement projects at Stokesley School, which has resulted in the refurbishment of the reception and entrance areas. Further investment is planned in all 3 sites during 21/22.

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Trustees' Report
for the Year Ended 31 August 2021 (continued)

Going Concern

Notwithstanding the increasing costs to the Trust, the Board of Trustees has a well-informed expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. The Trustees keep accounts under constant review. Whilst uncertainties clearly exist, the Trustees have considerable confidence in the Trust's financial security, having ensured that the Trust holds adequate reserves to secure its financial stability. Thus the Trust continues to adopt the "going concern" basis of accounting in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Promoting the Success of the Company

Much work has been undertaken to promote the success of the schools individually and the trust as a whole. This has been particularly well received by stakeholders and the investment in professional marketing has paid dividends. On line presence has increased exponentially and blended learning has developed, not least as a result of lockdown during the pandemic.

FINANCIAL REVIEW

Despite the challenges presented by the unprecedented COVID pandemic the trust had an in-year surplus, before actuarial adjustments of £366,000 (2020: £425,000).

The Trust ended the year (after non-operational adjustments) with a surplus of £9,527,000 (2020: deficit of £1,091,000). This includes an actuarial loss of £100,000 (2020: £942,000) on the LGPS. Total incoming resources amounted to £29,466,000 (excluding inherited assets of £1,865,000) and total outgoing resources amounted to £21,704,000. The majority of income received was the GAG, which amounted to £17,372,000. Expenditure on charitable activities is detailed in note 7. The surplus on unrestricted funds was £138,000 (2020: £146,000) and the unspent GAG was £958,000.

The Trust's free reserves (total funds less the amount held in fixed asset and restricted funds, with the exception of the general restricted fund) at the end of the year are £2,381,000 (2020: £2,062,000).

Despite carrying a £8,337,000 pension deficit, the Trust's balance sheet remains strong with net current assets of £2,454,000 and total net assets of £41,225,000. As explained in note 25 the pension fund deficit is not a liability which crystallises immediately and does not affect the resources the Trust has to spend on its charitable activities.

COVID-19

The impact of the ongoing pandemic has resulted in significant disruption to both curriculum and operational activities. Learning activities of all students across the trust have been significantly disrupted and addressing the effects of and disparities in learning loss is a priority in the immediate and longer term. During the 2020-2021 academic cycle all schools remained opened to key worker and vulnerable children during national lockdown periods, with all other students receiving an online curriculum. This resulted in significant investment, both in staff time and financial resource, in developing online learning platforms in each trust school. In addition, each trust school has offered catch up tuition, pastoral support and mentoring to all students.

During this period the Trust as an employer has actively engaged with the school work force to help support and address both workload and mental wellbeing issues arising from the pandemic.

In financial terms, there has been and remains considerable uncertainty over budget projections. The ever evolving changes to operational protocols as directed by the DfE, PHE and others has meant that we have had to deploy additional non-budgeted, resources to ensure that the school estate remains open and operational at all times. Although initial supplementary DfE grants have helped to offset some of the additional costs in relation to site cleaning and in-school testing etc., there remains considerable anxiety over staff absence (cover / supply) costs as the guidance in respect of self-isolating continues to change and evolve, making accurate workforce planning difficult.

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Trustees' Report
for the Year Ended 31 August 2021 (continued)

COVID-19 (continued)

The year-end operational outturn position was better than the initial start budget projection. This was mainly due to unspent grants, where projects had been impacted by Covid restrictions, reduced curriculum resource expenditure, specifically in respect of practical based curriculum subjects, as well as the partial refund of exam fees as a result of teacher grade assessments for this exam cycle.

In addition, we have experienced significant supply chain disruption, specifically in respect of capital building projects at each school, leading to both time delays and cost increases. The nature of the funding for these projects has meant that costs increases have had to be funded from Trust reserves. In particular, the new school building programme for Northallerton School was impacted by the failure of a materials supplier. This and other Covid related issues led to a three-month delay in completing the project and a cost overrun estimated to be several hundred thousand pounds. The final over-run will not be fully quantified until the project completes in late 2021. Additional funding is actively being sought from the DfE and other sources, however, in the absence of any supplementary DfE capital grant funding, the full cost of the overrun will be financed from Trust reserves.

Throughout the pandemic we have actively sought to support all our suppliers and contractors, specifically the local building contractors engaged on the major refurbishment and building programmes at Northallerton and Stokesley Schools. We have paid valuation certificates upon receipt and have financed the cash-flow impact of the resulting VAT liability from central trust cash balances until such time input VAT could be recovered.

Throughout the period and regardless of any national or local Covid restrictions, the trust board and all sub-committee groups continued to meet, albeit predominately on-line, in line with the governance cycle of the trust. All meetings were fully quorate and the general work and activities of the board continued to function "normally". Operationally the trust executive and school leadership groups continued to meet in line with normal school operating protocols, regardless of the local Covid situation.

Despite the ongoing uncertainties outlined above, the Trust is satisfied with the period end financial position as the Trust is in a good position to deal with issues going forward, such as increased staffing costs and the Trust's ambition to improve the infrastructure of the schools.

Reserves Policy

The ESFA are able to set limits on the sum of GAG that can be carried forward from one year to the next. There are currently no limits in place. In the light of DfE expectation that Academy Trusts use their allocated funding for the full benefit of their current students, the Trust does not pursue a policy of building up a substantial surplus without having in place a clear plan for how it will be used to benefit its students and ALT's long-term development, as required.

The remaining funds in excess of working capital required for day to day operations are invested in a portfolio of bank and non-bank products in order to achieve a modest return at very low risk, whilst making funds available at 3 monthly intervals should they be required. The treasury management policy extract below sets out the context for investment.

The Trust maintained a reserves policy of 6% of GAG Funding. Funds are needed to be retained in order to develop the infrastructure of the school. Free reserves at the year end stand at £2,381,000, which is made up of unrestricted funds of £1,423,000 and unspent GAG of £958,000.

The restricted fixed asset fund is £47,067,000 made up of the net book value of fixed assets of £46,875,000 and unspent capital grants of £192,000.

The pension deficit has increased to £8,337,000, details of which are set out in note 25 in the accounts.

In 2016 it was agreed that the investment policy be changed to allow deposits of up to 12 months to be placed, rather than 6 months, in line with the Trust's investment strategy.

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Trustees' Report
for the Year Ended 31 August 2021 (continued)

Investment Policy

Summary of Current Treasury Management Policy

Where surplus funds exist, the Board gives consideration to the best use of those funds including:

- available funds to support the day to day business activities
- long term investments to support long term plans and future growth
- infrastructure investment

Funds exceeding those required to operate the day to day business effectively are invested with the current banker (Lloyds) or another UK institution regulated by the appropriate bodies.

A register of deposits is maintained and reviewed by the Board on a regular basis.

Principal Risks and Uncertainties

Trustees regularly review the risk register and pay particular attention to the top-line risks, which during the year 2020-21 pertained to the impact of the pandemic, the Trust's growth and ensuring that financial sustainability is not compromised. The Trust also regularly reviews its academic provision alongside its budgets and forecasts to ensure that it provides the best possible provision to meet the needs of all students whilst being cost-effective. Operationally a significant risk remains in sustaining a balanced budget at Northallerton.

The Covid crisis presented all schools with challenges. ALT schools collaborated throughout the lockdown in developing digital learning, resources and safety measures. Feedback from students and parents was extremely positive, particularly as the contact between students and teachers increased during the period of home learning. Our schools remained open to key workers' children as well as for any children for whom lockdown presented childcare problems. Similarly, our schools ensured that vulnerable children and their families were provided with additional and tailored support, as well as practical support, including provision of supermarket vouchers. Effective planning and risk management prior to the students' return underpinned a successful reintegration, which was a model of excellent leadership and team work.

There is a rolling programme for replenishment of existing assets when they reach the end of their useful lives. To achieve the ambitious objective of continuing to improve the fabric of ageing buildings and for other major capital projects, the Trust remains dependent on continued success in securing grants from the DfE (particularly CIF) and developing partnership working with community and other interest groups.

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Trustees' Report
for the Year Ended 31 August 2021 (continued)

Fundraising

The academy trust does not use any external fundraisers. Any fundraising undertaken during the year was monitored by the Trustees.

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1 September 2020 to 31 August 2021	2020/2021	2019/2020
Energy consumption used to calculate emissions (kWh)	4,688,337	3,999,552
Energy consumption break down (kWh)		
Gas	3,074,409	2,460,483
Electricity	1,600,615	1,522,811
Transport Fuel	13,313	16,259
Scope 1 emissions in metric tonnes CO₂e		
Gas consumption	565.29	452.41
Owned transport - mini-buses	0.91	0.86
Total Scope 1	566.20	453.27
Scope 2 emissions in metric tonnes CO₂e		
Purchased electricity	373.17	355.03
Scope 3 emissions in metric tonnes CO₂e		
Business travel in employee owned vehicles	2.35	3.11
Total gross emissions in metric tonnes CO₂e	941.72	811.40
Intensity ratio Tonnes CO₂e per pupil	0.27	0.23

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 CO₂e per pupil, the recommended ratio for the sector.

Measurements Taken To Improve Energy Efficiency

We have begun a programme of retrofitting LED lighting into our schools using Salix and reserves funding to accelerate this. As a result of the Covid 19 pandemic we have increased the use of video conferencing technology for staff and trustee’s meetings, which has led to a reduced need for travel between sites.

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Trustees' Report
for the Year Ended 31 August 2021 (continued)

Plans for Future Periods

The Trust's core purpose is to deliver its strategic vision of providing exceptional opportunities for personal and academic success for all students. It will continue its efforts to ensure they gain an education which inspires them, whatever their starting point, whilst equipping them to access further or higher education, or purposeful training and/or employment.

Whilst there has been considerable interest from other schools in joining Arété Learning Trust the Trustees have decided that ALT growth will be measured and consistent with strong financial controls and will embrace schools adopting the same guiding principles as the Trust.

Following the recent completion of the construction of the 3G all-weather pitch at Richmond School, the school will continue to develop strong community and sporting links, to build grass roots football participation and generate additional income.

Funds Held as Custodian Trustee on Behalf of Others

As stated in note 26 the academy distributes 16-19 bursary funds on behalf of the ESFA.

Auditor

Insofar as the Trustees are aware

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

The auditors, Anderson Barrowcliff Limited Liability Partnership, are willing to continue in office and a resolution to appoint them will be proposed at the Members' meeting in December 2020.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 16 December 2021 and signed on the board's behalf by:



Mr S Brennan
Chair of the Trustees

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Governance Statement

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform to the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Arété Learning Trust and the Secretary of State for Education. The CEO is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control. The Trust's Finance Director, appointed in June 2020, Mr A Watt, is a chartered accountant with experience of working within a MAT.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 8 times during the year.

Attendance 2020-2021 Board of Trustees

	Meetings attended	Of a possible
S Brennan	8	8
C M Brooker (CEO and Accounting Officer)	6	6
C M Brooker	2	2
R Crane (CEO Appointed 12 th April 21)	2	2
M Foster	8	8
J Hooton	6	8
A Slade	6	8
D Sharp (Appointed 16.10.20)	6	6
L Ells (Appointed 16.10.20)	4	7
D Adrian	5	5

The Board of Trustees considered key strategic issues including:

- approval of the annual accounts
- approval of the 21~22 start budget
- key priorities in Trust schools and progress towards achieving them
- the performance of Trust schools
- review of policies

In addition to the full Board meetings, committees have also met regularly.

Audit Committee is a sub-committee of the main Trust Board. The role of the Audit Committee is to maintain an oversight of Arété Learning Trust's financial management and control, governance, risk management, internal control and value for money framework. It reports its findings to the Trust Board and CEO/Accounting Officer as a critical element of ALT's annual reporting requirements.

Attendance 2020-2021 Audit Committee

	Meetings attended	Of a possible
S Brennan	4	4
C M Brooker (CEO and Accounting Officer)	3	3
C M Brooker	1	1
R Crane	1	1
M Foster	4	4
D Sharp (Appointed 16.10.20)	3	3

The Audit Committee considered key strategic issues including:

- risk management
- effective reporting to enable the Board to fulfil its responsibilities
- compliance with ESFA regulations and guidance

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Governance Statement

Quality and Standards Committee (Q & S) is a sub-committee of the main Trust Board. The role of the Q&S Committee is to maintain an oversight of educational provision across the Trust's academies and the management and governance processes in place, to monitor and evaluate impact. The committee has delegated powers of decisions associated with certain areas of provision. The committee works closely with the CEO on significant educational policy development and educational issues and has delegated powers for certain key issues. The committee reports to the ALT Board and, where necessary, will make recommendations to the Board where decision-making is at Board level.

Attendance 2020-2021 Quality & Standards Committee

C M Brooker (CEO and Accounting Officer)
J Hooton
A Slade
L Ells
D Sharp

Meetings attended	Of a possible
2	3
3	3
2	3
0	1
2	2

The Q&S Committee considered key strategic issues including:

- progress and performance of disadvantaged and SEND students
- improving effectiveness of governance in holding school leaders to account
- sustaining learning and wellbeing during lockdown
- development of digital learning

Resources, Personnel and Estates Committee (RPE) is a sub-committee of the main Trust Board. The role of the RPE Committee is to maintain an oversight of ALT's finances and the management processes in place, to monitor and control these finances across ALT. The committee has delegated powers for decisions associated with certain levels of financial commitments. The committee works closely with the CEO on significant personnel issues and has delegated powers for certain key staff-related decisions. The committee also ensures that estates and IT management across ALT adopts a consistent strategy and the committee prepares the overall ALT capital investment programme.

Attendance 2020-2021 Resources, Personnel and Estates Committee

S Brennan
C M Brooker (CEO and Accounting Officer)
C M Brooker
M Foster
A Slade

4	4
3	3
1	1
4	4
4	4

The RPE Committee considered key strategic issues including:

- Northallerton refurbishment and building project
- CIF funded refurbishment projects at Stokesley School & Football Foundation project at Richmond School
- Staff pay and performance-related pay progression
- Staff workload and development of wellbeing strategies
- appointment of new executive leaders
- long term financial planning

Review of Value for Money

As Accounting Officer the CEO has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. In the CEO role as Accounting Officer he fully understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

Areté Learning Trust
(A Company Limited by Guarantee)

Governance Statement

Review of Value for Money (continued)

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data, or by using a framework where appropriate. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- putting in place staffing changes and rationalisation of resources across the Trust
- addressing inefficiencies, including in terms of personnel and the curriculum model
- realising cost savings by centralising services
- reviewing and assessing service providers, licences and subscriptions as part of the Trust's routine financial procedures
- implementation of energy efficient solutions and buildings improvements to reduce maintenance and energy costs, the benefits of which will be increasingly evident over the coming years
- keeping under close scrutiny and review the curriculum offer, pre and post 16, which has been adjusted to maximise cost-effectiveness, whilst accommodating changing assessment and curriculum frameworks

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process of regular reviews, designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Arété Learning Trust for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Audit Committee of the Board of Trustees.

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 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 by the Audit Committee and agreed by the Board of Trustees
- regular reviews by the Resources, Personnel and Estates Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and appointed Azets as internal auditor. The internal assurance annual programme comprised of remote visits and accompanying reports.

Azets' role is to provide the board with independent assurance that:

- the financial responsibilities of the Trust are being properly discharged
- resources are managed in an efficient, economical and effective manner
- sound systems of internal financial control are being maintained
- financial considerations are fully taken into account in reaching decisions

Areté Learning Trust
(A Company Limited by Guarantee)

Governance Statement

The Risk and Control Framework (continued)

In addition, they provide advice on financial matters and perform a range of checks on the Academy Trust's financial systems. These include:

- bank accounts and reconciliations
- payroll
- purchasing
- corporate governance
- fixed assets and asset register
- control accounts

On a termly basis, the internal auditor reports to the Board of Trustees, through the Audit Committee, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress

The schedule of work has been delivered to the satisfaction of the Board. There have been no high level issues identified and the recommendations of both internal and external auditors are in hand with a plan to address outstanding issues.

Review of Effectiveness

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

- the work of the internal and external auditors
- the advice and guidance of the Finance Director & the Chair the Audit Committee
- the financial management and governance self-evaluation process
- the advice and guidance of the Chair of the Resources, Personnel and Estates Committee
- the work of the Financial Controller

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

Approved by order of the members of the Board of Trustees on 16 December 2021 and signed on its behalf by:



Signed:

Mr S Brennan
Chair of Board of Trustees



Signed:

Mr R Crane
Accounting Officer

Areté Learning Trust
(A Company Limited by Guarantee)

Statement of Regularity, Propriety and Compliance

As accounting officer of Arété Learning Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State 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 of trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2020.

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



.....
Mr R Crane
Accounting Officer

Areté Learning Trust
(A Company Limited by Guarantee)

Statement of Trustees' Responsibilities

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

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

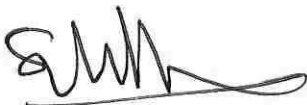
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2019, and the Academies Accounts Direction 2020 to 2021
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 16 December 2021 and signed on its behalf by:



.....
Mr S Brennan
Chairman of Board of Trustees

Areté Learning Trust
(A Company Limited by Guarantee)

Independent Auditor's Report on the Financial Statements to the Members of Arété Learning Trust

Opinion

We have audited the financial statements of Arété Learning Trust (the 'Academy Trust') for the year ended 31 August 2021 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, the Charities SORP 2019 and the Academies Accounts Direction 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 Academy Trust'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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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.

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 academy trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly state in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Areté Learning Trust
(A Company Limited by Guarantee)

Independent Auditor's Report on the Financial Statements to the Members of Arété Learning Trust
(continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement the Trustees set out on page 17 (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.

Areté Learning Trust
(A Company Limited by Guarantee)

Independent Auditor's Report on the Financial Statements to the Members of Arété Learning Trust
(continued)

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.

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

- Enquiry of management and those charged with governance around actual and potential litigation and claims.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing internal audit reports.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

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

Use of our report

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



D J Robertson
Senior Statutory Auditor
For and on behalf of Anderson Barrowcliff LLP
Chartered Accountants
3 Kingfisher Court
Bowesfield Park
Stockton on Tees
TS18 3EX

Dated: 17.12.2021

Areté Learning Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to
Areté Learning Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 6 November 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in 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 Arété Learning Trust during the year ended 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Arété Learning Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Arété Learning Trust funding agreement with the Secretary of State for Education dated 20 March 2015 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 and are to obtain limited assurance and report in accordance with our engagement letter 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 year 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 Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Evaluating the systems and control environment;
- Assessing the risk of irregularity, impropriety and non compliance;
- Ensuring that the activities of the Academy Trust are in keeping with the Academy's framework and the charitable objectives;
- Obtaining representations from the Accounting Officer and key management personnel.

Areté Learning Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to
Areté Learning Trust and the Education & Skills Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



D J Robertson
Reporting Accountant
Anderson Barrowcliff LLP
Statutory Auditor
Chartered Accountants
3 Kingfisher Court
Bowesfield Park
Stockton on Tees
TS18 3EX

Dated: 17.12.2021.....

Areté Learning Trust
(A Company Limited by Guarantee)

Statement of Financial Activities
for the Year Ended 31 August 2021

(Including Income and Expenditure Account)

	Note	<u>Unrestricted</u> <u>Funds</u> £'000	<u>Restricted</u> <u>General</u> <u>Funds</u> £'000	<u>Restricted</u> <u>Fixed</u> <u>Asset</u> <u>Funds</u> £'000	<u>2021</u> <u>Total</u> £'000	<u>2020</u> <u>Total</u> £,000
INCOME & ENDOWMENTS FROM:						
Donations and capital grants	3	74	-	8,954	9,028	2,548
Transfer from local authority on conversion	2	4	-	1,861	1,865	37
Charitable Activities						
Funding for the academy trust's educational operations	4	248	19,786	-	20,034	19,323
Other trading activities	5	398	-	-	398	343
Investments	6	6	-	-	6	11
TOTAL		<u>729</u>	<u>19,787</u>	<u>10,815</u>	<u>31,331</u>	<u>22,262</u>
EXPENDITURE ON:						
Charitable Activities:						
Academy trust educational operations	7	591	20,320	793	21,704	20,815
Transfer from local authority on conversion	2	-	-	-	-	1,596
TOTAL		<u>591</u>	<u>20,320</u>	<u>793</u>	<u>21,704</u>	<u>22,411</u>
Net income/expenditure		138	(533)	10,022	9,627	(149)
Transfers between funds	17	-	(195)	195	-	-
Other recognised losses						
Actuarial losses on defined benefit pension schemes	17	-	(100)	-	(100)	(942)
Net movement in funds		138	(828)	10,217	9,527	(1,091)
RECONCILIATION OF FUNDS						
Total funds brought forward		1,285	(6,437)	36,850	31,698	32,789
Total funds carried forward	17	<u>1,423</u>	<u>(7,265)</u>	<u>47,067</u>	<u>41,225</u>	<u>31,698</u>

The notes on pages 26 to 46 form part of these financial statements.

Areté Learning Trust
(A Company Limited by Guarantee)

Balance Sheet
As at 31 August 2021

	Note	£'000	<u>2021</u> £'000	£'000	<u>2020</u> £'000
FIXED ASSETS:					
Tangible assets	12		46,875		34,998
Investments	13		216		201
CURRENT ASSETS:					
Debtors	14	1,310		2,246	
Cash at bank and in hand		3,437		2,736	
			<u>4,747</u>		<u>4,982</u>
LIABILITIES:					
Creditors: Amounts falling due within one year	15	(2,202)		(1,125)	
NET CURRENT ASSETS			<u>2,545</u>		<u>3,857</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			49,636		39,056
CREDITORS: Amounts falling due after more than one year					
	16		<u>(74)</u>		<u>(77)</u>
NET ASSETS EXCLUDING PENSION LIABILITY			49,562		38,979
Defined benefit pension scheme liability	25		<u>(8,337)</u>		<u>(7,281)</u>
TOTAL NET ASSETS			<u>41,225</u>		<u>31,698</u>
FUNDS OF THE ACADEMY TRUST:					
Restricted funds					
Fixed asset funds	17		47,067		36,850
Restricted income fund	17		1,072		844
Pension reserve	17		<u>(8,337)</u>		<u>(7,281)</u>
Total restricted funds			<u>39,802</u>		<u>30,413</u>
Unrestricted income fund	17		<u>1,423</u>		<u>1,285</u>
TOTAL FUNDS			<u>41,225</u>		<u>31,698</u>

The financial statements on pages 23 to 46 were approved by the Trustees, and authorised for issue on 16 December 2021 and are signed on their behalf by:



Mark Foster
Trustee

The notes on pages 26 to 46 form part of these financial statements.

Areté Learning Trust
(A Company Limited by Guarantee)

Statement of Cash Flows
for the Year Ended 31 August 2021

	Note	<u>2020</u> £'000	<u>2019</u> £'000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	21	2,564	(1,111)
Cash flows from financing activities	21	(21)	(10)
Cash flows from investing activities	21	(1,842)	1,645
Change in cash and cash equivalents in the reporting period		<u>701</u>	<u>524</u>
Cash and cash equivalents at 1 September 2020		<u>2,736</u>	<u>2,212</u>
Cash and cash equivalents at 31 August 2021	22	<u><u>3,437</u></u>	<u><u>2,736</u></u>

Areté Learning Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
for the Year Ended 31 August 2021

1 STATEMENT OF ACCOUNTING POLICIES

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

General information and basis of preparation

Areté Learning Trust is a private company limited by guarantee incorporated in England. The address of the registered office is given in the Reference and Administrative Details on page 1 of these financial statements. The nature of the Academy Trusts' operations and principal activities are set out in the Trustees' Report on page 2.

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.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Incoming Resources

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

Grants

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

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

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

Donations

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

Areté Learning Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
for the Year Ended 31 August 2021

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Other income

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

Transfer on conversion

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income/(expenditure) is recognised as transfer on conversion within donations and capital grant income to the net assets received and within expenditure for the net liabilities received.

Expenditure

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

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 exclusive of recoverable VAT.

Termination payments

Termination payments are recognised in the statement of financial activities when agreements are signed and offset against the fund to which they relate.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 26.

Tangible fixed assets

Assets costing £1,000 or more for building works or £500 or more for other assets are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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Notes to the Financial Statements
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1 STATEMENT OF ACCOUNTING POLICIES (continued)

Tangible fixed assets (continued)

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

Leasehold buildings	2% on cost
Leasehold land	Over 125 years
Computer hardware	33% on cost
Furniture and equipment	14% on cost

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

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

Leasehold fixed assets

Long leasehold land and buildings are leased from the local authority on a 125 year lease. The leasehold property has been included in the accounts at Depreciated Replacement Cost as initially provided by the ESFA. Improvements to buildings are included in the accounts at cost.

Investments

Investments are included in the balance sheet at fair value and unrealised gains and losses are reflected in the unrestricted fund.

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.

Leased Assets

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

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments.

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Notes to the Financial Statements
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1 STATEMENT OF ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15 and 16. 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.

Concessionary loans - concessionary loans are initially recognised at the transaction price including transaction costs

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 part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund Accounting

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

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Notes to the Financial Statements
for the Year Ended 31 August 2021

1 STATEMENT OF ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

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

Fund transfers only occur to reflect the cost fixed asset being purchased from GAG and being transferred to the restricted fixed asset fund.

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 circumstances.

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 25, 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.

Land and buildings inherited on conversion to an academy are included in the financial statements at depreciated replacement cost. This is an estimate based on the value written out of the North Yorkshire County Council accounts on conversion. This will be updated in line with the desktop valuations provided by the ESFA in the following year.

2 ASSETS INHERITED ON CONVERSION FOR THE YEAR ENDED 31 AUGUST 2021

	<u>Unrestricted</u>	<u>Restricted</u>	<u>2021</u>	<u>2020</u>
<u>Funds</u>	<u>Fixed</u>	<u>Asset</u>	<u>Total</u>	<u>Total</u>
<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Transfer from local authority on conversion	4	1,861	1,865	(1,559)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

In the previous year £37,000 related to unrestricted funds and a cost of £1,596,000 related to restricted funds.

Areté Learning Trust
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Notes to the Financial Statements
for the Year Ended 31 August 2021

3 DONATIONS AND CAPITAL GRANTS

	<u>Unrestricted</u> <u>Funds</u> £'000	<u>Restricted</u> <u>Funds</u> £'000	<u>Total</u> <u>2021</u> £'000	<u>Total</u> <u>2020</u> £'000
Capital grants	-	8,954	8,954	2,435
Other donations	74	-	74	113
	<u>74</u>	<u>8,954</u>	<u>9,028</u>	<u>2,548</u>

In the previous year £113,000 related to unrestricted funds and £2,435,000 related to restricted funds.

In the prior year capital grants included £1,925,855 of accrued income for the 3G pitch at Richmond, the sports hall and a new Sixth Form building at Stokesley. In the year ended 31 August 2021 the 3G pitch and sports hall projects were completed, but the date for completion of the Sixth Form building is uncertain. The accounts include £432,532 accrued income in respect of the sports hall and Sixth Form building and £27,013 in respect of the 3G pitch. Capital commitments of £687,477 (2020: £1,798,000) are included within the capital commitments note (note 19) in respect of the Sixth Form building and the new school at Northallerton.

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Notes to the Financial Statements
for the Year Ended 31 August 2021

4 FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	<u>Unrestricted</u> <u>Funds</u> £'000	<u>Restricted</u> <u>Funds</u> £'000	<u>Total</u> <u>2021</u> £'000	<u>Total</u> <u>2020</u> £'000
DfE/ESFA grants				
General Annual Grant (GAG)	-	17,372	17,372	16,626
Start-up Grant	-	13	13	169
Other DfE group grants	-	1,083	1,083	1,169
FSM supplementary grant	-	98	98	18
Pupil Premium	-	490	490	591
	<u>-</u>	<u>19,056</u>	<u>19,056</u>	<u>18,573</u>
Other government grants				
Local Authority grants	-	271	271	107
SSCO Partnership	-	13	13	27
Covid-19 grants additional funding (DfE/ESFA)				
Catch-up premium	-	269	269	-
Other DfE/ESFA COVID-19 funding	-	169	169	55
Covid-19 grants additional funding (non-DfE/ESFA)				
Coronavirus Job Retention	-	-	-	29
	<u>-</u>	<u>722</u>	<u>722</u>	<u>218</u>
Other income for the academy trust's educational operations				
School trip income	-	8	8	238
Catering income	248	-	248	294
	<u>248</u>	<u>8</u>	<u>256</u>	<u>532</u>
	<u>248</u>	<u>19,786</u>	<u>20,034</u>	<u>19,323</u>

In the previous year £294,000 related to unrestricted funds and £19,029,000 related to restricted funds.

Following the reclassification in the Academies Accounts Direction 2021/21 of some grants received from the Department for Education and ESFA, the academy trust's funding for Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

Areté Learning Trust
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Notes to the Financial Statements
for the Year Ended 31 August 2021

5 OTHER TRADING ACTIVITIES

	<u>Unrestricted</u> <u>Funds</u> £'000	<u>Total</u> <u>2021</u> £'000	<u>Total</u> <u>2020</u> £'000
Sale of educational goods	14	14	28
Letting income	41	41	54
Music services income	52	52	39
Recharges	89	89	75
Other	202	202	147
	<u>398</u>	<u>398</u>	<u>343</u>

In the previous year £343,000 related to unrestricted funds.

6 INVESTMENT INCOME

	<u>Unrestricted</u> <u>Funds</u> £'000	<u>Restricted</u> <u>Funds</u> £'000	<u>Total</u> <u>2021</u> £'000	<u>Total</u> <u>2020</u> £'000
Short term deposits	6	-	6	11

In the previous year £11,000 related to unrestricted funds.

7 EXPENDITURE

	<u>Staff Costs</u> £'000	<u>Non Pay Expenditure</u>		<u>Total</u> <u>2021</u> £'000	<u>Total</u> <u>2020</u> £'000
		<u>Premises</u> £'000	<u>Other</u> £'000		
Academy's educational operations					
- Direct costs	14,788	-	835	15,623	15,112
- Allocated support costs	2,705	1,313	2,063	6,081	5,703
	<u>17,493</u>	<u>1,313</u>	<u>2,898</u>	<u>21,704</u>	<u>20,815</u>

In the previous year £652,000 related to unrestricted funds, £19,447,000 related to restricted general funds and £716,000 related to the restricted fixed asset fund.

	<u>Total</u> <u>2021</u> £'000	<u>Total</u> <u>2020</u> £'000
Net income/(expenditure) for the year includes:		
Operating leases rentals	101	73
Depreciation	792	717
Fees payable to auditor - audit	9	7
- other services	5	4

Areté Learning Trust
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Notes to the Financial Statements
for the Year Ended 31 August 2021

8 CHARITABLE ACTIVITIES

	<u>Total</u> <u>2021</u> £'000	<u>Total</u> <u>2020</u> £'000
Direct costs – educational operations	15,623	15,112
Support costs – educational operations	6,081	5,703
	21,704	20,815
	21,704	20,815
Analysis of support costs		
Support staff costs	2,705	2,469
Depreciation	792	717
Technology costs	263	193
Premises costs	1,313	1,223
Legal costs - conversion	-	10
- other	192	164
Other support costs	793	907
Governance costs	23	20
	6,081	5,703
	6,081	5,703

9 STAFF

	<u>2021</u> £'000	<u>2020</u> £'000
(a) Staff costs		
Staff costs during the year were:		
Wages and salaries	12,380	11,939
Social security costs	1,121	1,073
Pension costs	3,724	3,383
	17,225	16,395
Agency staff costs	228	288
Staff restructuring costs	40	5
	17,493	16,688
	17,493	16,688
Staff restructuring costs comprise:		
Redundancy payments	5	-
Severance payments	35	5
	40	5
	40	5

(b) Non statutory/non-contractual staff severance payments

Included in staff costs are non-statutory/non-contractual severance payments totalling £34,636 (2020: £5,396). This is made up of three payments of £4,896, £13,600 and £16,140.

(c) Staff numbers

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

	<u>2021</u> No	<u>2020</u> No
Teachers	224	228
Administration & support	218	222
Management	9	9
	451	459
	451	459

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Notes to the Financial Statements
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9 STAFF (continued)

(d) Higher paid staff

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

	2021	2020
	No	No
£60,000 - £70,000	4	-
£70,000 - £80,000	4	2
£80,000 - £90,000	-	1
£90,000 - £100,000	2	1
£110,000 - £120,000	-	1

(e) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and national insurance) received by key management personnel for their services to the academy trust was £768,459 (2020: £638,058).

CENTRAL SERVICES

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

- human resources
- payroll
- finance
- continued professional development
- early career teacher support
- school improvement
- website development and maintenance
- governance
- capital project maintenance
- recruitment
- project management
- career advisory service for students
- special education needs assessment and support

The academy trust charges 4% of GAG to cover these services.

The actual amounts charged during the year were as follows:

	2021	2020
	£'000	£'000
Stokesley School	231	164
Richmond School	257	187
Northallerton School	207	-
	695	351

In the prior year no charge was made to Northallerton in its first year as the school had a history of financial deficit. The Trust decided to fund the first year to ease transition.

10 RELATED PARTY TRANSACTIONS – TRUSTEES’ REMUNERATION AND EXPENSES

Two Trustees have been paid remuneration or have received other benefits from an employment with the academy trust. The CEOs only receive remuneration in respect of services that they provide undertaking the role of CEO under their contract of employment.

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Notes to the Financial Statements
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10 RELATED PARTY TRANSACTIONS – TRUSTEES’ REMUNERATION AND EXPENSES
(continued)

The value of the trustees’ remuneration and other benefits was as follows:-

C Brooker (CEO to 30 April 2021 & trustee)
Remuneration £75,000 - £80,000 (2020: £115,000 - £120,000)
Employers’ pension contributions paid £Nil (2020: £Nil)

R Crane (CEO from 12 April 2021 & trustee)
Remuneration £45,000 - £50,000 (2020: £Nil)
Employers’ pension contributions paid £11,246 (2020: £Nil)

During the year ended 31 August 2021 and 31 August 2020 no travel and expenses payments were reimbursed or paid directly to trustees.

11 TRUSTEES’ AND OFFICERS’ INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the period ended 31 August 2021 was £1,529. The cost of this insurance is included in the total insurance cost.

12 TANGIBLE FIXED ASSETS

	<u>Long Leasehold Buildings</u> £’000	<u>Furniture & Equipment</u> £’000	<u>Assets in the Course of Construction</u> £’000	<u>Computer Hardware</u> £’000	<u>Total</u> £’000
COST:					
At 1 September 2020	36,158	275	536	477	37,446
Additions	27	45	10,693	43	10,808
Inherited on conversion	1,861	-	-	-	1,861
Transfers	1,552	-	(1,552)	-	-
At 31 August 2021	39,598	320	9,677	520	50,115
DEPRECIATION:					
At 1 September 2020	39,598	320	-	520	50,115
Charge in year	664	35	-	93	792
At 31 August 2021	2,662	173	-	405	3,240
NET BOOK VALUE:					
At 31 August 2021	36,936	147	9,677	115	46,875
At 31 August 2020	34,160	137	536	165	34,998

An updated valuation for Stokesley School’s land and buildings was received in the year ended 31 August 2021. The value in the accounts has not been updated as services provided by the school have not changed and the Trustees believe the previous value of depreciated replacement cost is appropriate.

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Notes to the Financial Statements
for the Year Ended 31 August 2021

13 FIXED ASSET INVESTMENTS

	<u>2021</u>	<u>2020</u>
	£'000	£'000
Listed investments		
Fair value brought forward	201	107
Invested in year	-	100
Withdrawn in year	(6)	(5)
Increase/(decrease) in market value	21	(1)
	216	201
	216	201

14 DEBTORS

	<u>2021</u>	<u>2020</u>
	£'000	£'000
Trade debtors	3	8
Prepayments and accrued income	771	2,103
Other debtors	5	9
VAT recoverable	531	126
	1,310	2,246
	1,310	2,246

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2021</u>	<u>2020</u>
	£'000	£'000
Trade creditors	445	194
Other taxes and social security	290	288
Other creditors	441	325
Accruals	951	233
Concessionary loans	21	20
Deferred income	54	65
	2,202	1,125
	2,202	1,125
Deferred income		
Deferred income at 1 September 2020	65	45
Released from previous year	(65)	(45)
Resources deferred in the year	54	65
	54	65
	54	65

Deferred income is made up of devolved capital grant monies and catering income received in advance of the 2021/22 school year and SGO grant.

Included in other creditors is £27,663 (2020: £25,199) amounts relating to the 16-19 bursary. £38,204 was received and £10,541 was paid out by the trust.

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Notes to the Financial Statements
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16 CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>2021</u>	<u>2020</u>
	<u>£'000</u>	<u>£'000</u>
Concessionary loans	74	77

At the year end the trust had four salix loans outstanding from various energy efficiency projects and CIF projects with energy efficiency elements amounting to £48,104, of this £35,867 is repayable over 1 year. The trust also had an ESFA loan for the PE Block CIF project amounting to £46,956, of this £38,119 is repayable over 1 year. All are interest free. The loans are repayable over between 5 and 8 years. The total amount of concessionary loans committed at the year-end but not yet taken up is £157,690 (2020: £28,435).

17 FUNDS

	<u>Balance at 1</u>	<u>Incoming</u>	<u>Resources</u>	<u>Gains/losses</u>	<u>Inherited</u>	<u>Balance at</u>
	<u>September</u>	<u>Resources</u>	<u>Expended</u>	<u>and</u>	<u>on</u>	<u>31 August</u>
	<u>2020</u>	<u>£'000</u>	<u>£'000</u>	<u>transfers</u>	<u>Conversion</u>	<u>2021</u>
	<u>£'000</u>			<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
RESTRICTED GENERAL FUNDS						
General annual grant	777	17,372	(16,996)	(195)	-	958
FSM supplementary grant	-	98	(98)	-	-	-
Start-up grant	-	13	(13)	-	-	-
Big Lottery	-	10	(9)	-	-	1
Pupil premium	-	584	(584)	-	-	-
Other DfE group grants	67	1,416	(1,370)	-	-	113
Local Authority	-	272	(272)	-	-	-
School Trip income	-	9	(9)	-	-	-
SSCO Partnership	-	13	(13)	-	-	-
	844	19,787	(19,364)	(195)	-	1,072
Pension reserve	(7,281)	-	(956)	(100)	-	(8,337)
	(6,437)	19,787	(20,320)	(295)	-	(7,265)
RESTRICTED FIXED ASSETS FUNDS						
Transfer on conversion	31,728	-	-	-	1,861	33,589
DfE group capital grants/Capital expenditure from GAG	5,122	8,954	(793)	195	-	13,478
	36,850	8,954	(793)	195	1,861	47,067
TOTAL RESTRICTED FUNDS	30,413	28,741	(21,113)	(100)	1,861	39,802
TOTAL UNRESTRICTED FUNDS	1,285	729	(591)	-	-	1,423
TOTAL FUNDS	31,698	29,470	(21,704)	(100)	1,861	41,225

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward. The purpose of the grant is to fund the day to day running of the Trust.

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Notes to the Financial Statements
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17 FUNDS (continued)

The Free school meals supplementary grant provides funding for schools to help them meet the costs of providing extra free school meals before the lagged funding system catches up.

The start-up grant is to assist with the initial costs of a school becoming an academy.

Big Lottery funds were awarded under the Activities for All project which is given to fund projects that shape places and spaces that matter to the community.

Pupil premium grant is received from the ESFA in order to approve the attainment of disadvantaged children.

Other DfE and government grants includes Teachers pay grant, SGO grant, rates relief and various Covid grants. Rates relief is paid to cover the cost of the rates paid to the local authority.

The Local Authority funds were for Special Educational Needs to support those pupils that have learning or behavioural difficulties.

School trip income is received from parents/carers to cover the cost of children's educational visits.

School Sports Coordinator funding (SSCO Partnership) is to provide part time members of staff to facilitate sports activities between the school and feeder primaries.

The pension reserve represents the deficit of the LGPS.

Restricted fixed assets were funded by government grants, transferred from the local authority or received from third party contributors.

Fund Transfers

The funds transfer represent fixed assets purchased from the general restricted fund.

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Notes to the Financial Statements
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17 FUNDS (continued)

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

	<u>Balance at 1</u> <u>September</u> <u>2019</u> <u>£'000</u>	<u>Incoming</u> <u>Resources</u> <u>£'000</u>	<u>Resources</u> <u>Expended</u> <u>£'000</u>	<u>Gains/losses</u> <u>and</u> <u>transfers</u> <u>£'000</u>	<u>Inherited on</u> <u>Conversion</u> <u>£'000</u>	<u>Balance at</u> <u>31 August</u> <u>2020</u> <u>£'000</u>
RESTRICTED GENERAL FUNDS						
General annual grant	416	16,626	(16,194)	(71)	-	777
Start-up grant	-	169	(169)	-	-	-
Big Lottery	10	-	(10)	-	-	-
Ministry of Defence	20	-	(20)	-	-	-
Pupil premium	-	591	(591)	-	-	-
Other DfE group grants	109	1,271	(1,313)	-	-	67
Local Authority	5	107	(112)	-	-	-
School Trip income	5	238	(243)	-	-	-
SSCO Partnership	-	27	(27)	-	-	-
	<u>565</u>	<u>19,029</u>	<u>(18,679)</u>	<u>(71)</u>	<u>-</u>	<u>844</u>
Pension reserve	(3,975)	-	(768)	(942)	(1,596)	(7,281)
	<u>(3,410)</u>	<u>19,029</u>	<u>(19,447)</u>	<u>(£1084.00)</u>	<u>(£1,596.00)</u>	<u>(6,437)</u>
RESTRICTED FIXED ASSETS FUNDS						
Transfer on conversion	32,281	-	(553)	-	-	31,728
DfE group capital grants/Capital expenditure from GAG	2,779	2,435	(163)	71	-	5,122
	<u>35,060</u>	<u>2,435</u>	<u>(716)</u>	<u>71</u>	<u>-</u>	<u>36,850</u>
TOTAL RESTRICTED FUNDS	<u>31,650</u>	<u>21,464</u>	<u>(20,163)</u>	<u>(942)</u>	<u>(1,596)</u>	<u>30,413</u>
TOTAL UNRESTRICTED FUNDS	<u>1,139</u>	<u>798</u>	<u>(652)</u>	<u>-</u>	<u>-</u>	<u>1,285</u>
TOTAL FUNDS	<u>32,789</u>	<u>22,262</u>	<u>(20,815)</u>	<u>(942)</u>	<u>(1,596)</u>	<u>31,698</u>
				<u>2021</u> <u>£'000</u>	<u>2020</u> <u>£'000</u>	
Stokesley School				1,525	1,061	
Richmond School				1,090	754	
Northallerton School				940	565	
Trust				(1,060)	(251)	
				<u>2,495</u>	<u>2,129</u>	
Restricted Fixed Asset Fund				47,067	36,850	
Pension Reserve				(8,337)	(7,281)	
				<u>41,225</u>	<u>31,698</u>	

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Notes to the Financial Statements
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17 **FUNDS (continued)**

As disclosed in note 3, the accounts include accrued income for two capital projects which are incomplete at the year end. The restricted fixed asset fund includes £332,174 (Stokesley) in respect of these projects.

Total cost analysis by academy

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

	<u>Teaching and educational support staff costs</u> £'000	<u>Other support staff costs</u> £'000	<u>Educational supplies</u> £'000	<u>Other costs (excluding depreciation)</u> £'000	<u>Total 2021</u> £'000	<u>Total 2020</u> £'000
Stokesley school	4,591	1,024	331	588	6,534	6,321
Richmond school	5,333	874	301	916	7,424	7,404
Northallerton school	4,110	965	180	822	6,077	5,681
Trust	304	293	25	256	878	692
	<u>14,338</u>	<u>3,156</u>	<u>837</u>	<u>2,582</u>	<u>20,913</u>	<u>20,098</u>

18 **ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances at 31 August 2021 are represented by:-

	<u>Unrestricted Funds</u> £'000	<u>Restricted General Funds</u> £'000	<u>Restricted Fixed Asset Funds</u> £'000	<u>2021 Total Funds</u> £'000
Tangible fixed assets	-	-	46,875	46,875
Investments	-	216	-	216
Current assets	1,423	3,132	192	4,747
Current liabilities	-	(2,202)	-	(2,202)
Non-current liabilities	-	(74)	-	(74)
Pension scheme liability	-	(8,337)	-	(8,337)
Total net assets	<u>1,423</u>	<u>(7,265)</u>	<u>47,067</u>	<u>41,225</u>

Comparative information to 31 August 2020:

	<u>Unrestricted Funds</u> £'000	<u>Restricted General Funds</u> £'000	<u>Restricted Fixed Asset Funds</u> £'000	<u>2020 Total Funds</u> £'000
Tangible fixed assets	-	-	34,998	34,998
Investments	-	201	-	201
Current assets	1,285	1,845	1,852	4,982
Current liabilities	-	(1,125)	-	(1,125)
Non-current liabilities	-	(77)	-	(77)
Pension scheme liability	-	(7,281)	-	(7,281)
Total net assets	<u>1,285</u>	<u>(6,437)</u>	<u>36,850</u>	<u>31,698</u>

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Notes to the Financial Statements
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19 CAPITAL COMMITMENTS

	<u>2021</u>	<u>2020</u>
	<u>Total</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>
Contracted for, but not provided in the financial statements	687	1,798

20 COMMITMENTS UNDER OPERATING LEASES

At 31 August 2021 the total of the academy trust's future minimum lease payments under non-cancellable operating leases were:-

	<u>2021</u>	<u>2020</u>
	<u>Total</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>
Amounts within one year	122	101
Amounts within two to five years	43	76
	<u>165</u>	<u>177</u>

21 RECONCILIATION OF NET INCOME TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>2021</u>	<u>2020</u>
	<u>Total</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>
Net (expenditure)/income for the reporting year (as per the statement of financial activities)	9,627	(149)
Adjusted for:		
Depreciation (note 12)	792	717
Inherited on conversion	(1,861)	-
Capital Grants from DfE	(8,954)	(2,429)
Interest receivable (note 6)	(6)	(11)
Defined benefit pension scheme obligations inherited (note 24)	-	1,596
Defined benefit pension scheme cost less contributions payable (note 24)	838	666
Defined benefit pension scheme finance costs (note 24)	118	102
(Increase)/decrease in debtors	936	(1,934)
Increase/(decrease)in creditors	1,074	331
Net cash (used in)/provided by operating activities	<u>2,564</u>	<u>(1,111)</u>

CASH FLOW FROM FINANCING ACTIVITIES

	<u>2021</u>	<u>2020</u>
	<u>Total</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>
Repayments or borrowing	(21)	(10)
Net cash (used in)/provided by financing activities	<u>(21)</u>	<u>(10)</u>

CASH FLOW FROM INVESTING ACTIVITIES

	<u>2021</u>	<u>2020</u>
	<u>Total</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>
Interest receivable	6	11
Purchase of tangible fixed assets	(10,808)	(701)
Capital grants from DfE and other capital income	8,954	1,837
Capital funding received from sponsors and others	-	592
Invested in year	-	(100)
Withdrawn from fixed asset investment	6	6
Net cash provided by/(used in) investing activities	<u>(1,842)</u>	<u>1,645</u>

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Notes to the Financial Statements
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22 ANALYSIS OF CASH AND CASH EQUIVALENTS

	<u>2021</u>	<u>2020</u>
	<u>Total</u>	<u>Total</u>
	<u>£'000</u>	<u>£'000</u>
Cash at bank and in hand	3,437	2,236
Notice deposits	-	500
	<u>3,437</u>	<u>2,736</u>

23 ANALYSIS OF CHANGES IN NET DEBT

	<u>Balance at 1</u>	<u>Cash flow</u>	<u>Balance at</u>
	<u>September</u>		<u>31 August</u>
	<u>2020</u>		<u>2021</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Net cash			
Cash at bank and in hand	2,736	701	3,437
Loans falling due within one year	20	1	21
Loans falling due after one year	77	(3)	74
	<u>2,833</u>	<u>699</u>	<u>3,532</u>

24 MEMBERS' LIABILITY

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

25 PENSION COMMITMENTS

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

The latest actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £311,356 (2020: £296,151) were payable to the schemes at 31 August 2021 and are included within creditors.

Teachers' Pension Scheme

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 the 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.

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Notes to the Financial Statements
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25 PENSION COMMITMENTS (continued)

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates 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. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employers pension costs paid to TPS in the period amounted to £2,079,000 (2020: £1,996,000).

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 an unfunded multi-employer pension scheme. The Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £877,000 (2020: £776,000), of which the employer's contributions totalled £691,000 (2020: £611,000) and employees' contributions totalled £186,000 (2020: £165,000). The agreed contribution rates for future years are 20.4% (Stokesley School) 20.9% (Richmond School) and 19.5% (Northallerton School) for employers and range from 5.5 to 8.5 percent for employees.

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

Principal Actuarial Assumptions

	<u>31 August 2021</u>	<u>31 August 2020</u>
	% per annum	% per annum
Rate of increase in salaries	3.85	3.55
Rate of increase in pensions in payment/inflation	2.60	2.30
Discount rate for scheme liabilities	1.70	1.70
Inflation assumption (CPI)	2.60	2.30

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Notes to the Financial Statements
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25 PENSION COMMITMENTS (continued)

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

	<u>31 August</u> <u>2021</u>	<u>31 August</u> <u>2020</u>
Retiring today		
Males	21.9	21.8
Females	24.0	23.9
Retiring in 20 years		
Males	23.6	23.5
Females	25.8	25.7

Sensitivity analysis

	<u>31 August</u> <u>2021</u> £'000	<u>31 August</u> <u>2020</u> £'000
Discount rate + 0.1%	(0.424)	(0.349)
Discount rate - 0.1%	0.435	0.359
Mortality assumption - 1 year increase	(0.644)	(0.517)
Mortality assumption - 1 year decrease	0.662	0.532
CPI rate + 0.1%	0.353	0.292
CPI rate - 0.1%	(0.342)	(0.282)

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

	<u>Fair Value</u> <u>at 31</u> <u>August</u> <u>2021</u> £'000	<u>Fair Value</u> <u>at 31</u> <u>August</u> <u>2020</u> £'000
Equity instruments	5,468	3,904
Debt instruments	1,669	1,414
Property	554	452
Cash and other	1,378	1,309
Total market value of assets	<u>9,069</u>	<u>7,079</u>

The actual return on the scheme assets in the year was £1,207,000 (2020: £765,000).

Amounts recognised in the statement of financial activities:-

	<u>2021</u> £'000	<u>2020</u> £'000
Current service costs	(838)	(532)
Past service costs	-	(134)
Interest income	127	111
Interest cost	(245)	(213)
Total amount recognised in SOFA	<u>(956)</u>	<u>((102))</u>

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Notes to the Financial Statements
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25 PENSION COMMITMENTS (continued)

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

	<u>2021</u>	<u>2020</u>
	£'000	£'000
At 1 September 2020	14,360	7,376
Inherited Upon conversion	-	3,648
Current service cost	1,529	1,277
Interest cost	245	213
Actuarial (losses)/gains	1,180	1,596
Benefits paid	(94)	85
Employee contributions	186	165
	<hr/>	<hr/>
At 31 August 2021	17,406	14,360
	<hr/> <hr/>	<hr/> <hr/>

Movement in the fair value of Academy Trust's share of scheme assets:-

	<u>2021</u>	<u>2020</u>
	£'000	£'000
At 1 September 2020	7,079	3,401
Inherited upon conversion	-	2,052
Interest income	127	111
Actuarial gains/(losses)	1,080	654
Employer contributions	691	611
Employee contributions	186	165
Benefits paid	(94)	85
	<hr/>	<hr/>
At 31 August 2021	9,069	7,079
	<hr/> <hr/>	<hr/> <hr/>

26 AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2021, the trust received £38,204 (2020: £42,704) and disbursed £10,541 (2020: £17,505).

An amount of £27,663 (2020: £25,199) is included in other creditors relating to undistributed funds that is carried forward for distribution to students in the period ending 31 August 2022.

27 RELATED PARTY TRANSACTIONS

No related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 10.