

Newham Community Schools Trust

Annual Report and Financial Statements

31 August 2020

Company Limited by Guarantee
Registration Number
09896221 (England and Wales)

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Reference and administrative information

Members	Mr R Hylton Mr K D Grice – resigned 22 September 2020 Mr A Rahim Mr H Powell Mr D J Wood
Chairman of the Board of Trustees	Mr M J Ainsworth OBE – resigned 11 November 2020 Mr P A Leslie – appointed 11 November 2020
Trustees	Mr N Beighton – resigned 11 November 2020 Mr P A Leslie Mrs L Powell – resigned 14 November 2019 Ms T Alam Mrs P K Chadha – resigned 11 November 2020 Ms A S Hammond Ms C L Parry Dr K U Rahim Mr M L Sanyang
Chief Executive & Accounting Officer	Mr A J D A Wilson
Company Secretary	Mr N Beighton
Senior Leadership Team Sarah Bonnell School	
Headteacher	Ms R Potter
Deputy Headteacher	Ms R Clark
Deputy Headteacher	Ms J Sangster – until 31 August 2020
Deputy Headteacher	Mr D Hudson
Registered address	Sarah Bonnell School Deanery Road London E15 4LP
Company registration number	09896221 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL

Reference and administrative information

Bankers Lloyds Bank
39 Threadneedle Street
London
EC2R 8AU

Solicitors Winckworth Sherwood
Minerva House
5 Montague Close
London
SE1 9BB

Trustees' report Year to 31 August 2020

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

The financial statements have been prepared in accordance with the accounting policies set out on pages 32 to 37 of the attached financial statements and comply with the Academy's Memorandum and Articles of Association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

The Trust was incorporated on 1 December 2015 but remained dormant until the conversion of Sarah Bonnell School to Academy status within the Trust on 1 July 2018.

The principal activity of the company is the operation of a state-funded Multi Academy Trust, Newham Community Schools Trust, providing state education for students aged 11 to 16. The only school operated by the Multi Academy Trust in the year under review was Sarah Bonnell School which has a total pupil capacity when full of 1,350 pupils. The school is continuing to grow by 1 form of entry each year and at the census in October 2020 there were 1,295 pupils in the school.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Newham Community Schools Trust is a company limited by guarantee with no share capital (registration no. 09896221) and an exempt charity. It comprises the following school:

School	Converted date
Sarah Bonnell School	1 July 2018

The Trust is working collaboratively with Lister School and Rokeby School, two maintained schools in the London Borough of Newham. It is expected that these two maintained schools will in time convert to Academy status and join the Trust at an appropriate future date.

The charitable company's Memorandum and Articles of Association are the primary governing documents of Newham Community Schools Trust.

The Trustees of Newham Community Schools Trust are also the Directors of the charitable company for the purposes of company law.

Details of Trustees who served during the year are shown in the Reference and Administrative section at the front of these accounts.

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.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trustees' indemnities

The Trust has joined the Risk Protection Arrangement for academies which provides up to £10million cover for Governors and Trustees liability in each membership year operating from 1 September annually.

Method of recruitment and appointment or election of Trustees

In accordance with the Articles of Association, the Trustees of the charitable company are the Directors. They are appointed as follows:

- a) Up to 10 Trustees, appointed by the Members
- b) Co-opted Trustees, subject to restrictions in number as regards employees of the Trust

In respect of those appointed by the Members, ((a) above), when a vacancy arises the Members seek to make an appointment that would maximise the relevant skills and experience on the Board as a whole.

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where appropriate this will comprise induction and training on charity and educational legal and financial matters. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees.

Organisational structure

The Board of Trustees, the majority of whom are non-executive, comprises those persons appointed under the Articles of Association. The Board meets at least four times a year and delegates specific responsibilities through two Committees:

- ◆ Standards committee
- ◆ Resources committee

Day to day leadership of the company is undertaken by the Chief Executive Officer, supported by the Senior Leadership Team of Sarah Bonnell School.

The Chief Executive Officer is the Accounting Officer of the Trust.

The Scheme of Delegation outlines the responsibilities at Board, Executive and Local Governing Body level. In addition, financial policies and procedures establish the operational authority for the Headteacher. Other performance monitoring and control responsibilities are delegated to the Local Governing Body. Each meets at least three times a year.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting pay and remuneration of key management personnel

The Chief Executive Officer of the Trust is the Headteacher of Lister School and employed by that school. A proportion of his employment costs are charged to Newham Community Schools Trust in respect of his executive role. The pay of the Headteacher of the Trust has been determined by the Pay Committee, having regard to performance against objectives set the previous year.

Trade union facility time

Relevant union officials

Number of employees who were relevant Union Officials during the year:	Full time equivalent employee number
None	N/A
Percentage of time spent on facility time	Number of employees
1% - 50%	None
Total cost of facility Time	Nil
Total pay bill	Nil
Percentage of pay bill spent on facility time	0%
Time spent on paid Trade Union activities as a percentage of total paid facility time hours	0%

Related Parties and other Connected Charities and Organisations

Sarah Bonnell School operates collaboratively with Rokeby School and Lister School. The Chief Executive of the Trust is additionally Headteacher of Lister School and is remunerated by that school. Newham Community Schools Trust makes a contribution to Lister School for the services of the Chief Executive and Accounting Officer. Further details are contained in note 21.

The Sarah Bonnell Foundation (Charity number 312659) is a registered charity and raises funds to promote the education of girls under the age of 25 years who are resident in the London Borough of Newham. Details of the donations to the Trust from the Sarah Bonnell Foundation during the year are given in note 21.

OBJECTIVES AND ACTIVITIES

Objects and aims

The principal object and activity of the charitable company is the advancement of education in the United Kingdom. It achieves this objective through the operation of non-selective Secondary schools within Newham Community Schools Trust (NCST) in the Borough of Newham. Sarah Bonnell School was the only School within the Trust in 2020/21, but as stated above, it works collaboratively with Lister and Rokeby School and expects these two maintained schools to join the Trust at an appropriate future date.

The three schools, of which Sarah Bonnell School is the only academy, have a shared commitment to working together to provide a world-class education for young people in Newham, and to further developing as centres of excellence for teaching and learning.

The schools are highly ambitious for their students, and keen to develop their passion for learning. The schools seek to do this within inspiring and safe learning environments, where all members of the community treat each other with kindness and respect. The aim is to provide the highest possible standard of education and pastoral care, maximising the life chances of its students of different abilities between the ages of 11 and 16.

The schools believe that no child should be left behind, that every child can succeed regardless of their starting point, and that every child should have access to a broad and rich range of experiences at school which will support their development as an active member of our community.

The schools are highly ambitious for their staff, developing a strong culture of continuous professional development. The schools want the Trust to attract and retain the best teaching and non-teaching staff, and be recognised as an organisation where staff at all levels receive outstanding support in developing their careers.

Objectives, strategies and activities

The main objectives of the NCST during the year were:

- ◆ To make adaptations to our educational provision during the Covid-19 pandemic in order to ensure that high quality educational activity could continue for all students, whether in school or learning remotely, ensuring that staff are also supported through this very challenging time.
- ◆ To ensure that risk assessments and protocols were in place to ensure that this activity would be carried out safely and in line with continuing evolving government guidance.
- ◆ To work with partners to support Eastlea Community School, a neighbouring maintained secondary school, which was graded Inadequate in an Ofsted inspection in March 2020. NCST has been named as the sponsor for this school, and the Chair of Governors at Sarah Bonnell School is now also the Chair of the Interim Executive Board. We hope to be able to welcome the school into our Trust in the coming academic year.

OBJECTIVES AND ACTIVITIES (continued)

Objectives, strategies and activities (continued)

- ◆ To manage to completion a building programme at Sarah Bonnell is due for completion in 2021. This includes the remodelling and repurposing of existing space to achieve greater flexibility of teaching and learning spaces, as well as an extension of the dining and music facilities. This work will support the planned increase in pupil numbers.
- ◆ To continue to work with the Local Authority regarding ongoing discussions around the PFI (private finance initiative) payments due by the school. Once a resolution is reached, Lister and Rokeby will be in a position to academise and the Trust will consist of three academies.
- ◆ To explore potential arrangements to host an extension of a local special school (run by another local Trust) as part of Lister Community School's estate. This would be part of the additional building work planned at Lister to accommodate a planned increase in pupil numbers.
- ◆ To continue to work collaboratively with other local schools - for example, the initiation of a collaborative approach to the provision of music and deaf and hearing provision with a local primary Trust.
- ◆ To continue the work in progress to develop the Trust's capacity, particular around shared school support services. Further integration of these services across the three schools (with a view to becoming a Trust of four academies in the coming academic year).
- ◆ In addition to the support provided to Eastlea Community School, the exploration of other local opportunities to support/work in partnership with other schools or Trusts, in order to better serve our community. Particular areas of focus include curriculum progression; extension of secondary specialist resources into the primary curriculum; development and progression opportunities for staff; and further development of robust safeguarding practices.
- ◆ To further develop the Trust's governance model.

Covid-19

In order to best support our students and staff during the pandemic, the Trust Board held five extraordinary meetings between March and July 2020. Key areas of focus were as follows:

- ◆ How best to support students and staff given that our schools were only able to open to students of key workers during lockdown.
- ◆ Initial focus on securing FSM (free school meal) vouchers for our pupils who were not in school.
- ◆ Strength of the Trust's knowledge of its students meant that robust support systems were put in place for all students, not only for those entitled to FSM.

OBJECTIVES AND ACTIVITIES (continued)

Covid-19 (continued)

- ◆ The Trust was very conscious of the very significant challenges faced by our pupils, our staff and our community. School leaders and the pastoral team worked tirelessly to provide support, using new and existing technologies, and in particular to maintain contact with the most vulnerable students, including those on CIN register and with Child Protection plans.
- ◆ A culture of openness and support across the Trust greatly facilitated the management of the ongoing challenges of the pandemic. Schools were able to support each other, whilst ensuring that their responses focussed on the particular needs of their communities (eg. risk assessment work).
- ◆ The Trust was able to secure additional devices from the DfE (Department for Education) under the schemes which were put in place. These further supported the access to the remote learning that staff quickly developed.
- ◆ The Trust's integrated use of Google's G Suite for Education made both collaboration across the schools, and adapting to the new requirements, possible.
- ◆ Students who were not able to access online learning were provided with paper copies, to ensure that this was not a barrier.
- ◆ It should be noted that throughout this period, the Trust was working to support Eastlea Community School, further to its Inadequate grading in November 2019. The Trust was asked to support the school by the RSC (Regional Schools Commissioner) on the day that lockdown was announced.

Overall, the Trust has become stronger during the crisis posed by the pandemic, due to the support that staff have provided to colleagues across all our schools, including Eastlea Community School. The ongoing development of remote teaching and learning will ensure our Trust is able to support all our students in an increasingly wide variety of ways both now and in the future.

Public Benefit

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

STRATEGIC REPORT

Achievements and performance

During the exceptional challenges of Covid-19, the single academy within the Trust maintained very high levels of pupil attendance, and the same was also achieved at our partner schools Lister and Rokeby. Regular sharing of information between school leaders supported the development of effective online learning models when required, and the regular updating of Risk Assessments.

It is a mark of the commitment of Trust leadership and Trustees to supporting other local schools that four senior leaders have been allocated to Eastlea Community School to support it during the period following its Inadequate Ofsted judgement. Further details of the extensive changes at Eastlea are detailed on the School's Website.

The NCST commitment to maintaining staff development has been highlighted by the ongoing Joint Trust Learning Days and the development of additional school improvement roles taken up by middle and senior leaders.

The Trust has also recognised the need for additional leadership capacity, and has switched from a situation where the Chief Executive was "loaned" from Lister Community School to one in which he is now employed directly by the Trust.

Going concern

After considering all factors including the impact of Covid-19 and the Trust's 3 year financial plans, the Trustees have a reasonable expectation that the Trust is able to continue in operational existence for the foreseeable future. In light of the assessment, the Trust continues to adopt the going concern in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

The total income for the year was £9,942,000 (2019: £10,012,000). This included £8,055,000 of General Annual Grant funding, other ESFA and Government Grants of £1,191,000, grant income from the Local Authority of £125,000, trading activities of £48,000 and donations and capital grants of £438,000.

Total expenditure was £10,804,000 (2019: £10,078,000) of which £7,544,000 was direct costs (2019: £6,924,000) and £3,260,000 support costs (2019: £3,154,000).

The statement of financial activities results for the year is shown on page 28.

STRATEGIC REPORT (continued)

Financial review (continued)

At 31 August 2020 the net book value of intangible fixed assets was £1,000 (2019: £2,000) and tangible fixed assets was £17,884,000 (2019: £17,615,000). The movements in intangible and tangible fixed assets are shown in notes 10 and 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy Trust.

At 31 August 2020, the Trust had total funds of £16,779,000 (2019: £18,070,000).

The fixed asset fund at £17,885,000 (2019: £18,280,000) holds no unspent capital grant at the balance sheet date (2019: £665,000). Capital commitments of £420,000 (2019: £1,224,000) are referenced in note 17 of these accounts.

The pension reserve balance, relating to the Local Government defined benefit scheme for non-teaching staff, was in deficit by £2,719,000 at 31 August 2020 (2019: in deficit by £1,759,000).

The remaining reserves comprise restricted income funds of £573,000 (2019: £445,000) and unrestricted income funds of £312,000 (2019: £235,000).

The Trust has not to this point suffered a major financial impact from Covid-19 as the main academy government funding continued and we have been supported by the government adequately through the lockdown. We suffered a small loss in other generated income, namely lettings which dropped by more than 70% but our corresponding expenditure (i.e. utilities) were significantly reduced which meant the bottom line effect was minimal on us as an Academy Trust.

The Academy Trust is considering a significant investment to ensure all our pupils have access to a technological device in the event of another lockdown. A loan system is being considered where pupils who require a device can loan one in the event of a lockdown or a class bubble being asked to isolate at home.

Reserves policy

The Trustees have determined that the appropriate level of free reserves should be equivalent to 5% of total income with a range of not less than 2% or more than 8% of income. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a contingency to deal with unexpected emergencies such as urgent maintenance. The free reserves as at 31 August 2020 amount to £885,000 (2019: £680,000) and are in line with the policy. Despite these trying times for the country, the Trust reserves has increased by £205,000. The reserves policy has not been amended.

STRATEGIC REPORT (continued)

Investment policy

Newham Community Schools Trust will make limited investments of short term cash balances in excess of immediate requirements in order to generate the best returns without incurring undue risk. As such, the Trust may make cash deposits into fixed term or notice period interest bearing accounts. These deposit balances which are not immediately available should not exceed £5m with any one financial institution. The credit rating of the financial institutions holding Trust investments will be assessed annually.

Principal risks and uncertainties

The Trustees have assessed the major risks, in particular those relating to academic performance, finances, data protection and child welfare, to which the company is exposed. The Trustees have implemented a number of systems to assess risks that the company faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains, they have ensured they have adequate insurance cover. The company has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The principal financial risk faced by Newham Community Schools Trust arises from ongoing pressure on funding. In addition, until the completion of the capital programme the final build cost remains uncertain against the proposed expenditure budget. The Trust Senior Leadership Team and the Resources Committee independently scrutinise actual financial performance against budget.

As the nature of the financial instruments dealt with by the company is relatively simple (bank balances, debtors and "trade" creditors), Trustees consider the associated risk in this area to be minimal.

The risk resulting from the company's share of the LGPS deficit is managed by following the advice of the scheme's Actuary, specifically with regard to the level of contributions payable, ensuring that annual budgets are drawn up to reflect the Actuary's advice.

Most of the Trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes.

Risk management

The ongoing pandemic poses a number of risks to the Trust, key of which are as follows:

- ◆ Staff absence – looking at the coming academic year (2020/2021), staff absence due to illness and the requirement to self-isolate will pose a significant challenge to the Trust. This can be mitigated by working with staff to provide cover where it is most needed.

STRATEGIC REPORT (continued)

Risk management (continued)

- ◆ Lost classroom time – although remote learning is in place and working well, we are conscious that some students have lost significant amounts of learning. Our focus has been on re-engaging these students, and focusing on rebuilding confidence through emphasising what is possible, alongside identifying any gaps in knowledge.
- ◆ Mental health and wellbeing – staff and students – due to the ongoing pandemic, this is likely to be a significant challenge in the coming academic year. The strong relationships between students and staff, and between Trust schools, will help mitigate against this risk.
- ◆ Senior leadership team – the Trust is acutely conscious of the enormous and sustained pressure that school leaders have been under for many months, and are working to mitigate this as best as possible.

FUNDRAISING

The Trust undertakes limited fundraising for its own resources. Schools invite contributions from parents and guardians to assist with both statutory and extra-curricular teaching and learning activities. The Trust works closely with the Sarah Bonnell Foundation, (refer to related party note 21) which works to support the Trust through fundraising and donations to the School.

A common charging and remissions policy is applied by all schools.

The Trust does not work with any professional fundraisers or commercial participators. Fundraising on behalf of other local and national charities raised £2,546 in the year (2019: £7,088).

PLANS FOR FUTURE PERIODS

The Trust's plans for the future period include, specifically:

- ◆ The Trust will continue to prioritise providing a high quality of education while maintaining a safe environment for all pupils.
- ◆ The Trust's Growth Committee is reviewing and evaluating the Trust's Growth Plan, and is assessing the scope and need for development of Central Services.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Trust does not act as custodian Trustee on behalf of others.

Trustees' report Year to 31 August 2020

AUDITOR

In so far as the Trustees are aware:

- ◆ there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the 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 Trustees' report, incorporating a strategic report, approved by order of the members of the Board of Governors on 15 December 2020 and signed on its behalf by:



Chairman

GOVERNANCE STATEMENT

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has held two of the scheduled three meetings during the year; in addition, the Board convened five extraordinary meetings in response to the Covid-19 pandemic. Attendance during the year at all formally constituted meetings of the Board of Trustees or Committees was as follows:

Board of Trustees	Meetings attended (scheduled and extraordinary)	Out of a possible (scheduled and extraordinary)
Mr M J Ainsworth OBE (Chairman)	4	7
Mr N Beighton	7	7
Mr P A Leslie	7	7
Mrs L Powell (Resigned 14 November 2019)	1	1
Ms T Alam	4	7
Mrs P K Chadha	6	7
Ms A S Hammond	5	7
Ms C L Parry	5	7
Dr K U Rahim	1	7
Mr M L Sanyang	5	7

GOVERNANCE STATEMENT (continued)

Governance (continued)

The Standards and Resources Committees were scheduled to have three meetings during the year, however only two were held in response to the Covid-19 pandemic and the need for additional general business Trust Board Meetings.

Standards Committee	Meetings attended	Out of a possible
Ms L Powell (Chairman until 14 November 2019)	0	0
Mrs P K Chadha	2	2
Ms A S Hammond (Chairman from 2 October 2019)	2	2
Mr M L Sanyang	2	2
Dr K U Rahim	2	2

Resources Committee	Meetings attended	Out of a possible
Mr N Beighton (Chairman)	2	2
Mr T Alam	2	2
Ms C L Parry	2	2
Mr P A Leslie	2	2

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

Board meetings have been well attended throughout the year. Agenda items have been carefully prepared and circulated in advance. The meetings have debated each matter effectively leading to appropriate decision making by the Trust. There were a total of seven Board meetings, two Resources committee meetings and two Standards committee meetings during the last 12 months.

The Board of Trustees has ensured effective representation on each committee and the minutes of each future meeting will be circulated at the next available Board meeting. Trustees believe this structure currently enables effective oversight of the Trust.

Review of Value for Money

As Accounting Officer, the Chief Executive has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

GOVERNANCE STATEMENT (continued)

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 where available.

The Standards Committee meets 3 times a year to assess performance and offer challenge and guidance. The Trust has a robust tracking system in all its schools for monitoring progress and ultimately achievement and is continually looking at how data can inform staff and support and extend the learning of all pupils and students.

The Trust's staffing structure is reviewed each term across all schools, to support changes to the curriculum and to target support to the range of differing needs amongst our pupils and students.

The Resources Committee has met 3 times per year to assess the needs of the Trust. The Trust has a rolling programme of review of all contracts for goods and services. Where an advantage can be gained the Trust will procure common suppliers operate across all schools. Our policy requires contracts to be re-tendered at the end of their term.

Financial monitoring reports are prepared routinely. They are provided to the school Principal, the Chief Executive, and the Chief Finance Officer. Each term, a consolidated report is scrutinised by the Resources Committee together with a rigorous financial appraisal of contracts recently agreed. Appropriate local and national benchmarking data is available to support decisions that are reached.

Adhering to principles recommended in PPN02/20 and 04/20 notices issued during the year due to Covid-19, the Trust continued to pay suppliers who were able to continue to deliver services and allowed reasonable adjustments to be implemented to service delivery during the year.

Where suppliers were claiming from the furlough scheme, reasonable adjustments were made to those suppliers and a top up of the remaining 20% of the employees were covered by the Trust.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Newham Community Schools Trust up to the date of approval of the annual report and financial statements.

GOVERNANCE STATEMENT (continued)

Capacity to handle risk

The Trustees have reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Board.

The risk and control framework

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

- ◆ comprehensive budgeting which is reviewed and agreed by the Board of Trustees together with periodic monitoring of relevant financial reports
- ◆ regular financial monitoring by the Resources Committee of financial performance against the budget and forecasts of revenue expenditure and capital 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

In line with the Academies Financial Handbook, an internal audit review was completed in the current academic year based on the perceived risks to the Trust.

During the financial year, internal assurance/scrutiny services were provided by Schools Choice. A provider that was independent of the Trust's external auditors was selected as best practice, and in advance of the revision to the Ethical Standards (effective 01 September 2020).

The internal assurance role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On an annual basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. No material weaknesses were identified this year. The scope of the work undertaken at Sarah Bonnell School was determined by the Local Governing Body, with guidance from the Finance Lead.

GOVERNANCE STATEMENT (continued)

Review of effectiveness

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

- ◆ the financial management and governance self-assessment process;
- ◆ the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been assisted with his review of the system of internal control by the Resources Committee.

Should weaknesses be identified in the future, action plans will be developed to ensure the continuous improvement of the systems of control are put in place.

Approved by order of the members of the Board of Trustees on 15 December 2020 and signed on its behalf by



(Chairman)



(Accounting Officer)

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Newham Community Schools Trust, I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2019.

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

A handwritten signature in blue ink, appearing to be 'Julia', with a long horizontal flourish extending to the right.

Accounting Officer

Date: 15 December 2020

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also the Directors of Newham Community Schools Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the Financial Statements in accordance with the Annual Accounts Direction published by the Education & Skills Funding Agency (ESFA), 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 2015 and the Academies Accounts Direction 2019 to 2020;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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 15 December 2020 and signed on its behalf by:



Chairman

Independent auditor's report to the members of Newham Community Schools Trust

Opinion

We have audited the financial statements of Newham Community Schools Trust (the 'charitable company') for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), 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) (the Charities SORP 2015) and the Academies Accounts Direction 2019 to 2020.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2019 to 2020.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information (covers the reference and administrative details, the report of the trustees and strategic report and the governance statement)

The Trustees are responsible for the other information which comprises the information included in the annual report, other than the Financial Statements and our auditor's report thereon. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the Trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

In preparing the Financial Statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company, or have no realistic alternative but to do so.

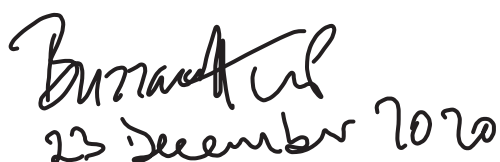
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: <http://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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.


23 December 2020

Edward Finch (Senior Statutory Auditor)
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Independent Reporting Accountant's Assurance Report on Regularity to Newham Community Schools Trust Limited and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 29 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Newham Community Schools Trust during the year 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 Newham Community Schools Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Newham Community Schools Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Newham Community Schools Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Newham Community Schools Trust accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Newham Community Schools Trust's funding agreement with the Secretary of State for Education dated 1 July 2018 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Approach (continued)

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:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the academy trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

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 has not been applied to purposes intended by Parliament, or
- ◆ the financial transactions do not conform to the authorities which govern them


23 December 2020

Edward Finch (Senior Statutory Auditor)
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of financial activities Year to 31 August 2020
(including income and expenditure account)

	Notes	Restricted funds			2020 Total funds £'000	2019 Total funds £'000
		Unrestricted funds £'000	General funds £'000	Fixed asset fund £'000		
Income from:						
Donations and capital grants	1	1	—	437	438	835
Charitable activities						
. Funding for the academy's educational operations	2	27	9,428	—	9,455	9,105
Other trading activities	3	48	—	—	48	71
Investment income	4	1	—	—	1	1
Total income		77	9,428	437	9,942	10,012
Expenditure on:						
Raising funds		—	—	—	—	—
Charitable activities:						
. Academy's educational operations	6	—	9,831	973	10,804	10,078
Total expenditure	5	—	9,831	973	10,804	10,078
Net income (expenditure)		77	(403)	(536)	(862)	(66)
Transfers between funds	15	(141)	—	141	—	—
Other recognised gains and losses						
Actuarial losses on defined benefit pension scheme	20	—	(429)	—	(429)	(387)
Net movement in funds		(64)	(832)	(395)	(1,291)	(453)
Reconciliation of funds						
Total fund balances brought forward at 1 September 2019		1,104	(1,314)	18,280	18,070	18,523
Total fund balances carried forward at 31 August 2020	15	1,040	(2,146)	17,885	16,779	18,070

All of the Academy Trust's activities derive from continuing operations during the current financial year.

The Academy Trust has no recognised gains or losses other than those shown above.

Balance sheet 31 August 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Intangible assets	10		1		2
Tangible assets	11		17,884		17,615
			17,885		17,617
Current assets					
Debtors	12	1,100		843	
Cash at bank and in hand		1,828		1,909	
		2,928		2,752	
Liabilities					
Creditors: amounts falling due within one year	13	(1,300)		(525)	
Net current assets			1,628		2,227
Total assets less current liabilities					
			19,513		19,844
Creditors: amounts falling due after more than one year	14		(15)		(15)
Net assets excluding pension scheme liability			19,498		19,829
Defined benefit pension scheme liability	20		(2,719)		(1,759)
Total net assets			16,779		18,070
Funds of the Academy Trust					
Restricted funds					
. Fixed assets fund	15		17,885		18,280
. Restricted income fund	15		573		445
. Pension reserve	15		(2,719)		(1,759)
Total restricted funds			15,739		16,966
Unrestricted funds					
. Unrestricted funds	15		312		235
. Designated funds	15		728		869
Total funds			16,779		18,070

The financial statements on page 28 to 52 were approved by the Trustees, and authorised for issue on 15 December 2020 and are signed on their behalf by:

Newham Community Schools Trust
Company Limited by Guarantee
Registration Number: 09896221 (England and Wales)



Statement of cash flows Year to 31 August 2020

		2020 £'000	2019 £'000
Cash flows from operating activities			
Net cash provided by operating activities	A	723	606
Cash flows from investing activities	B	(804)	591
Change in cash and cash equivalents in the year		(81)	1,197
Cash and cash equivalents at 1 September		1,909	712
Cash and cash equivalents at 31 August		1,828	1,909

A Reconciliation of net expenditure to net cash flow from operating activities

		2020 £'000	2019 £'000
Net expenditure for the year		(862)	(66)
Adjusted for:			
Amortisation (note 10)		1	1
Depreciation (note 11)		973	952
Capital grants from DfE and other capital income		(437)	(835)
Interest receivable		(1)	(1)
Defined benefit pension scheme cost less contributions payable (note 20)		435	324
Defined benefit pension scheme finance cost (note 20)		96	24
(Increase) decrease in debtors		(257)	341
Increase (decrease) in creditors		775	(134)
Net cash provided by operating activities		723	606

B Cash flows from investing activities

		2020 £'000	2019 £'000
Dividends, interest and rents from investments		1	1
Purchase of tangible fixed assets		(1,242)	(245)
Capital grants from DfE/ESFA		437	722
Capital funding received from sponsors and others		—	113
Net cash (used in) provided by investing activities		(804)	591

C Analysis of cash and cash equivalents

		2020 £'000	2019 £'000
Cash at bank and in hand		1,828	1,909
Total cash and cash equivalents		1,828	1,909

Statement of cash flows Year to 31 August 2020

D Analysis of changes in net debt

	At 1 September 2019 £'000	Cash flows £'000	At 31 August 2020 £'000
Cash	1,909	(81)	1,828
Loans due within more than one year	(15)	—	(15)
Total	1,894	(81)	1,813

Statement of accounting policies 31 August 2020

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

Basis of preparation

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

These financial statements are presented in sterling to the nearest thousand pounds.

The comparative figures are for the year ended 31 August 2019.

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.

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.

Income

All income is 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.

Income (continued)

Grants (continued)

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

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

Sponsorship income

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

Donations

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

Other income

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

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 are 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 stated net of recoverable VAT.

Intangible fixed assets

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, from the date the asset is brought into use, as follows:

- ◆ Purchased computer software 3 years

Tangible fixed assets

Assets costing £1,000 or more 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, from the date the asset is brought into use. Where there are specific conditions attached to the funding requiring the continued use of the asset, the required 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.

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

- ◆ Long leasehold buildings 23 years
- ◆ Fixtures, fittings & equipment 5 years
- ◆ Computer hardware 3 years

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

Debtors

Debtors are recognised at their settlement amount less any provision for non-recoverability. Prepayments are valued at the amounts prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand.

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 12. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 13. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

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

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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. As stated in Note 20, the TPS is a multi-employer scheme and there is insufficient information available to use the defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder / donor and include grants from the Education and Skills Funding Agency, Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The 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:

◆ *LGPS defined benefit liability*

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 includes the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact the carrying amount of the pension liability.

◆ *Tangible Fixed Assets*

The net book value of tangible fixed assets is based on the original cost/value of the asset net of provision for depreciation. The depreciation provision to date is based on the Trustees' assessment of the estimated useful economic lives of such assets.

Notes to the financial statements Year to 31 August 2020

1 Donations and capital grants

	Unrestricted funds £'000	Restricted fixed assets funds £'000	2020 Total funds £'000	2019 Total funds £'000
Capital grants	—	437	437	835
Other donations	1	—	1	—
	1	437	438	835

	Unrestricted funds £'000	Restricted fixed assets funds £'000	2019 Total funds £'000
Capital grants	—	835	835
	—	835	835

2 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
DfE/ESFA revenue grants				
General Annual Grant (GAG)	—	8,055	8,055	7,902
Other DfE/ESFA grants	—	1,191	1,191	916
	—	9,246	9,246	8,818
Other income from the academy trust's educational operations				
Foundation grant	—	57	57	124
Jack Petchey Foundation	—	—	—	2
	—	57	57	126
Other Government grants				
Local authority grants	—	125	125	97
	—	125	125	97
Other income from the academy trust's educational operations	27	—	27	64
2020 total funds	27	9,428	9,455	9,105

2 Funding for the academy trust's educational operations (continued)

	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>2019 Total funds £'000</i>
<i>DfE/ESFA revenue grants</i>			
<i>General Annual Grant (GAG)</i>	—	7,902	7,902
<i>Other DfE/ESFA grants</i>	—	916	916
	—	8,818	8,818
<i>Other income from the academy trust's educational operations</i>			
<i>Foundations grant</i>	—	124	124
<i>Jack Petchey Foundation</i>	—	2	2
	—	126	126
<i>Other Government grants</i>			
<i>Local authority grants</i>	—	97	97
	—	97	97
<i>Other income from the academy trust's educational operations</i>	64	—	64
<i>2019 total funds</i>	64	9,041	9,105

3 Other trading activities

	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	2020 Total funds £'000	<i>2019 Total funds £'000</i>
Hire of facilities	12	—	12	41
Trip income	28	—	28	30
Music services income	8	—	8	—
	48	—	48	71

	<i>Unrestricted funds £'000</i>	<i>Restricted funds £'000</i>	<i>2019 Total funds £'000</i>
<i>Hire of facilities</i>	41	—	41
<i>Trip income</i>	30	—	30
	71	—	71

Notes to the financial statements Year to 31 August 2020

4 Investment income

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
Interest receivable	1	—	1	1
	1	—	1	1

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
<i>Interest receivable</i>	<i>1</i>	<i>—</i>	<i>1</i>
	1	—	1

5 Expenditure

	Staff costs £'000	Non pay expenditure		2020 Total funds £'000	2019 Total funds £'000
		Premises £'000	Other costs £'000		
Academy's educational operations:					
. Direct costs	5,952	974	618	7,544	6,924
. Allocated support costs	1,594	882	784	3,260	3,154
	7,546	1,856	1,402	10,804	10,078

	Staff costs £'000	Premises £'000	Other costs £'000	2019 Total funds £'000
Academy's educational operations:				
. Direct costs		5,273	953	6,924
. Allocated support costs		1,843	726	3,154
		7,116	1,679	10,078

	2020 Total funds £'000	2019 Total funds £'000
Net income (expenditure) for the period includes:		
Operating lease rentals	19	16
Depreciation (note 11)	973	952
Amortisation (note 10)	1	1
Fees payable to auditor for:		
- audit	12	9
- other services	-	3

6 Charitable activities - Academy's educational operations

	2020 Total funds £'000	2019 Total funds £'000
Direct costs	7,544	6,924
Support costs	3,260	3,154
	10,804	10,078
Analysis of support costs		
Support staff costs	1,594	1,843
Premises costs	882	726
Other support costs	571	448
Governance costs	213	137
Total support costs	3,260	3,154

7 Staff

(a) Staff costs

Staff costs during the year were:

	2020 Total funds £'000	2019 Total funds £'000
Wages and salaries	5,266	5,018
Social security costs	552	527
Pensions	1,405	1,082
Apprenticeship levy	12	10
	7,235	6,637
Staff supply costs	311	479
	7,546	7,116

(b) Staff numbers

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

	2020 No.	2019 No.
Teachers	74	73
Administration and support	74	72
Management	9	9
	157	154

(c) Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 3. The total cost of employment (including employer pension and national insurance contributions) in respect of key management personnel for their services to the Academy Trust was £480,787 (2019: £429,386).

7 Staff (continued)

(d) Higher paid staff

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

	2020 No.	2018 2019.
£60,001 - £70,000	14	10
£70,001 - £80,000	2	2
£80,001 - £90,000	3	1
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-

8 Related party transactions – Trustees’ remuneration and expenses

During the year ended 31 August 2020, no Trustees were paid remuneration or received other benefits from an employment with the Academy Trust (2019: none).

During the year ended 31 August 2020 no travel or subsistence expenses were reimbursed to Trustees (2019: none).

Other related party transactions involving the Trustees are set out in note 21.

9 Trustees’ and officers’ insurance

The Academy Trust has opted into the Department for Education’s Risk Protection Arrangement (RPA), an alternative to insurance where UK Government funds cover losses that arise. This scheme protects Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and Officers indemnity element from the overall cost of the RPA scheme.

10 Intangible fixed assets

	Computer software £’000	Total £’000
Cost		
At 1 September 2019 and at 31 August 2020	<u>3</u>	<u>3</u>
Amortisation		
At 1 September 2019	1	1
Charge in year	<u>1</u>	<u>1</u>
At 31 August 2020	<u>2</u>	<u>2</u>
Carrying amount		
At 31 August 2019	2	2
At 31 August 2020	<u>1</u>	<u>1</u>

Notes to the financial statements Year to 31 August 2020

11 Tangible fixed assets

	Leasehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Assets under construction £'000	Total funds £'000
Cost					
At 1 September 2019	17,916	212	292	167	18,587
Additions	—	—	29	1,213	1,242
Reclassifications	—	(28)	28	—	—
At 31 August 2020	17,916	184	349	1,380	19,829
Depreciation					
At 1 September 2019	783	83	106	—	972
Charge in year	789	69	115	—	973
At 31 August 2020	1,572	152	221	—	1,945
Net book value					
At 31 August 2019	17,133	129	186	167	17,615
At 31 August 2020	16,344	32	128	1,380	17,884

12 Debtors

	2020 £'000	2019 £'000
Trade debtors	169	13
VAT recoverable	187	91
Other debtors	13	180
Prepayments and accrued income	731	559
	1,100	843

13 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	451	284
Taxation and social security	3	3
Other creditors	56	4
Accruals and deferred income	790	234
	1,300	525
Deferred income		
Deferred Income at 1 September 2019	185	163
Released during the year	(185)	(163)
Resources deferred in the year	238	185
Deferred Income at 31 August 2020	238	185

At the balance sheet date the Academy Trust was holding funds received in advance for Growth Funding of £168,000 (2019 - £152,000), rates relief of £25,000 (2019 - £26,000) and High Needs Funding of £14,000 (2019 - £nil) which relate to the 2020/21 year, alongside monies held for trips and music lessons.

14 Creditors: amounts falling due in greater than one year

	2020 £'000	2019 £'000
Loans	15	15
	15	15

Loans comprise a Condition Improvement Fund loan of £15,000 from the ESFA which is repayable over 5 years to 2024 and carries interest at Public Works Loan Board rate currently at 2.01%.

15 Funds

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains (losses) and transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
. General Annual Grant (GAG)	441	8,055	(7,927)	4	573
. Pupil Premium	—	592	(592)	—	—
. Other restricted funds	4	—	—	(4)	—
. Other grants	—	781	(781)	—	—
. Pension reserve	(1,759)	—	(531)	(429)	(2,719)
	<u>(1,314)</u>	<u>9,428</u>	<u>(9,831)</u>	<u>(429)</u>	<u>(2,146)</u>
Restricted fixed assets fund					
. Transfer on conversion	17,304	—	(789)	—	16,515
. DfE group capital grants	976	437	(184)	—	1,229
. Capital expenditure from designated funds	—	—	—	141	141
	<u>18,280</u>	<u>437</u>	<u>(973)</u>	<u>141</u>	<u>17,885</u>
Total restricted funds	<u>16,966</u>	<u>9,865</u>	<u>(10,804)</u>	<u>(288)</u>	<u>15,739</u>
Unrestricted funds					
Unrestricted funds	235	77	—	—	312
Designated funds	869	—	—	(141)	728
Total unrestricted funds	<u>1,104</u>	<u>77</u>	<u>—</u>	<u>(141)</u>	<u>1,040</u>
Total funds	<u>18,070</u>	<u>9,942</u>	<u>(10,804)</u>	<u>(429)</u>	<u>16,779</u>

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

The General Annual Grant (GAG) and other restricted funds are for the operational activities of the school. 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 at 31 August 2020. Other funds relate to monies received for specific purposes such as pupil premium funding.

The pension reserve represents the Academy Trust's defined pension scheme liability.

The restricted fixed asset funds represent the net book value of the fixed assets held by the Academy Trust and unspent capital funding received to carry out works of a capital nature.

Notes to the financial statements Year to 31 August 2020

15 Funds (continued)

Designated funds have been set aside by the trustees' for a capital project, being a new music hub. £141,000 was utilised in the year.

The Trust is carrying a net surplus of £573,000 (2019: £445,000) on restricted general funds (excluding pension and restricted fixed asset fund), £312,000 (2019: £235,000) on unrestricted funds and £728,000 (2019: £869,000) on designated funds

Comparative information

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

	<i>Balance at 1 September 2018 £'000</i>	<i>Income £'000</i>	<i>Expenditure £'000</i>	<i>Gains (losses) and transfers £'000</i>	<i>Balance at 31 August 2019 £'000</i>
Restricted general funds					
. General Annual Grant (GAG)	89	7,902	(7,550)	—	441
. Pupil Premium	—	616	(616)	—	—
. Other restricted funds	4	—	—	—	4
. Other grants	—	438	(438)	—	—
. Pension reserve	(1,024)	85	(433)	(387)	(1,759)
Total restricted funds	(931)	9,041	(9,037)	(387)	(1,314)
Restricted fixed assets fund					
. Transfer on conversion	18,156	—	(852)	—	17,304
. DfE group capital grants	241	835	(100)	—	976
	18,397	835	(952)	—	18,280
Unrestricted funds					
Unrestricted funds	1,057	136	(89)	(869)	235
Designated funds	—	—	—	869	869
Total unrestricted funds	1,057	136	(89)	—	1,104
Total funds	18,523	10,012	(10,078)	(387)	18,070

16 Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Fund balances at 31 August 2020 are:				
Tangible fixed assets	—	—	17,884	17,884
Intangible fixed assets	—	—	1	1
Current assets	1,040	1,888	—	2,928
Current liabilities	—	(1,300)	—	(1,300)
Non-current liabilities	—	(15)	—	(15)
Pension scheme liability	—	(2,719)	—	(2,719)
Total net assets	1,040	(2,146)	17,885	16,779

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
<i>Fund balances at 31 August 2019 are:</i>				
<i>Tangible fixed assets</i>	—	—	17,615	<i>17,615</i>
<i>Intangible fixed assets</i>	—	—	2	<i>2</i>
<i>Current assets</i>	<i>1,193</i>	<i>896</i>	<i>663</i>	<i>2,752</i>
<i>Current liabilities</i>	—	<i>(525)</i>	—	<i>(525)</i>
<i>Non-current liabilities</i>	—	<i>(15)</i>	—	<i>(15)</i>
<i>Pension scheme liability</i>	—	<i>(1,759)</i>	—	<i>(1,759)</i>
<i>Total net assets</i>	<i>1,193</i>	<i>(1,403)</i>	<i>18,280</i>	<i>18,070</i>

17 Capital Commitments

	2020 £'000	2019 £'000
Contracted for, but not provided in the financial statements		
Building expansion project	420	1,224
	420	1,224

18 Commitments under operating leases

Operating leases

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

	2020 £'000	2019 £'000
Amounts due within one year	4	16
Amounts due between one and five years	—	4
	4	20

19 Members' liability

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

20 Pension and similar obligations

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

The LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the scheme in the year/period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

The latest actuarial valuation of the TPS related to the period ended 31 March 2019 and of the LGPS 31 March 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

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 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.

20 Pension and similar obligations (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 2019. 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; and
- ◆ the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to TPS in the period amounted to £747,000 (2019: £524,000).

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

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

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined benefit pension scheme, with the assets held in separate Trustee-administered funds. The total contribution made for the period ended 31 August 2020 was £338,000 (2019: £308,000), of which employer's contributions totalled £249,000 (2019: £229,000) and employees' contributions totalled £89,000 (2019: £79,000).

The agreed contribution rates for future years are 25.6% for employers and a variable % for employees.

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

20 Pension and similar obligations (continued)

Principal actuarial assumptions

	At 31 August 2020 p.a.	At 31 August 2019 p.a.
Rate of increase in salaries	3.25%	3.65%
Rate of increase for pensions in payment/inflation	2.25%	2.15%
Discount rate for scheme liabilities	1.90%	1.90%

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

	At 31 August 2020	At 31 August 2019
<i>Retiring today</i>		
Males	21.3	22.8
Females	23.9	25.3
<i>Retiring in 20 years</i>		
Males	22.8	25.0
Females	25.5	27.6

The approximate increase in the defined benefit liability given the below changes in actuarial assumptions is as follows:

Sensitivity analysis	At 31 August 2020 £	At 31 August 2019 £
Discount rate +0.1%	(26)	(17)
Discount rate -0.1%	26	18
Mortality assumption – 1 year increase	29	23
Mortality assumption – 1 year decrease	(28)	(22)
CPI rate +0.1%	26	23
CPI rate -0.1%	(27)	(17)

20 Pension and similar obligations (continued)

Principal actuarial assumptions (continued)

The Academy Trust's share of the assets in the scheme were:

	Fair value at 31 August 2020 £'000	Fair value at 31 August 2019 £'000
Equities	820	614
Gifts	77	40
Corporate bonds	149	109
Property	149	107
Cash and other liquid assets	107	85
Other	248	128
Total market value of assets	1,550	1,083
Present value of scheme liabilities funded	(4,269)	(2,842)
Deficit in the scheme	(2,719)	(1,759)

The actual return on scheme assets was £40,000 (2019: £61,000).

	2020 £'000	2019 £'000
Amounts recognised in statement of financial activities		
Current service cost	684	508
Past service cost	—	45
Interest income	(24)	(23)
Interest cost	55	47
Admin expenses	1	—
Total amount recognised in the SOFA	716	577

	2020 £'000	2019 £'000
Changes in the fair value of the Academy's share of scheme assets:		
At 1 September	1,083	714
Interest income	24	23
Actuarial gain	109	38
Employer contributions	249	229
Employee contributions	89	79
Benefits paid	(4)	
At 31 August	1,550	1,083

20 Pension and similar obligations (continued)

Principal actuarial assumptions (continued)

Changes in the fair value of the Academy's share of scheme liabilities:	2020 £'000	2019 £'000
At 1 September	2,843	1,738
Interest cost	55	47
Service cost	682	553
Actuarial gain	604	426
Employee contributions	89	79
Benefits paid	(4)	-
At 31 August	4,269	2,843

21 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trust has an interest. All transactions involving such organisations are in accordance with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The Sarah Bonnell Foundation ("the Foundation") is a legally separate charity which is, nevertheless, closely associated to the Academy Trust. The Foundation exists to promote the education (including social and physical training) of girls under the age of 25 years. During the year, income of £162,905 (2019: £171,402) has been accrued by the Academy Trust in respect of trip expenditure for which a donation is expected from the Foundation.

Newham Community Schools Trust and the Lister and Rokeby Federation have been operating under a 'hybrid' governance arrangement over a number of years. Anthony Wilson is currently employed by the Federation as CEO of the Trust. At the same time he is employed by Lister school in a capacity of Headteacher, and Lister school charges NCST for his service. Sarah Bonnell School made a contribution to Lister School for the services of the Chief Executive and Accounting Officer of £21,112 (2019 - £20,332).

After discussion with the ESFA during the 2019/20 academic year, the hybrid governance arrangement between Newham Community Schools Trust and the Lister and Rokeby Federation will come to an end in Autumn 2020 to ensure appropriate separation of the two governing bodies.

Other than those disclosed in note 8, the Academy Trust did not enter into any related party transactions in the year.

22 Agency arrangements

There are no agency arrangements.

23 Comparative statement of financial activities for the year ended 31 August 2019

Analysis of income and expenditure in the period ended 31 August 2019 between restricted and unrestricted funds:

	Notes	Restricted funds			2019 Total funds £'000
		Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset fund £'000	
Income from:					
Donations and capital grants	1	—	—	835	835
Transfer from local authority on conversion		—	—	—	—
Charitable activities					
. Funding for the academy's educational operations	2	64	9,041	—	9,105
Other trading activities	3	71	—	—	71
Investment income	4	1	—	—	1
Total income		136	9,041	835	10,012
Expenditure on:					
Raising funds		—	—	—	—
Charitable activities:					
. Academy's educational operations	6	89	9,037	952	10,078
Total expenditure	5	89	9,037	952	10,078
Net income (expenditure)		47	4	(117)	(66)
Other recognised gains and losses					
Actuarial losses on defined benefit pension scheme	20	—	(387)	—	(387)
Net movement in funds		47	(383)	(117)	(453)
Reconciliation of funds					
Total fund balances brought forward at 1 September 2018		1,057	(931)	18,397	18,523
Total fund balances carried forward at 31 August 2019		1,104	(1,314)	18,280	18,070

24 Post balance sheet events

After discussions with the ESFA, it has been confirmed that Eastlea Community School will join the Trust from 1 January 2021.