

Company Registration Number: 09952066 (England & Wales)

PORTICO ACADEMY TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

PORTICO ACADEMY TRUST
(A company limited by guarantee)

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PORTICO ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	David Amess MP Robert Hellen Garry Lowen Heather Oram
Trustees	Katherine Baynes, Trustee Robert Hellen, Chair of Trustees Graham Lane, Trustee Steven Levy, Trustee (resigned 15 October 2020) Cheryl Woolf, Accounting Officer Alan Murkin, Trustee Frances Gretton, Trustee Garry Lowen, Trustee (resigned 11 February 2020) Chris Hatton, Trustee (resigned 17 September 2019) Heather Oram, Trustee (appointed 11 February 2020) Claire Smith, Trustee (appointed 15 October 2020) Sue Hay, Trustee (appointed 15 October 2020) Karen Packer, Trustee (appointed 15 October 2020) Ros Sanders, Trustee (appointed 15 October 2020) Ronald Wright, Trustee (appointed 15 October 2020) David Struthers, Trustee (appointed 15 October 2020)
Company registered number	09952066
Company name	Portico Academy Trust
Principal and registered office	59 Ronald Hill Grove Westcliff-On-Sea SS9 2JB
Chief executive officer	Cheryl Woolf
Senior management team	Cheryl Woolf, Chief Executive Officer Richard Queenborough, Head of Learning & Teaching Christine Farrell, Headteacher of Hamstel Junior School Lisa Clark, Headteacher of Hamstel Infant School and Nursery Jonathon Lear, Head of School of West Leigh Junior School Christopher McClay, Head of School of Friars Primary School and Nursery Deborah Henley, Head of School of Porters Grange Primary School and Nursery
Independent auditors	MWS Chartered Accountants Registered Auditors Kingsridge House 601 London Road Westcliff-On-Sea Essex SS0 9PE

PORTICO ACADEMY TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Bankers

Lloyds Bank
77 High St
Southend-On-Sea
Essex
SS1 1HT

PORTICO ACADEMY TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees (who are also directors of the company for the purposes of the Companies Act) present their report together with the audited financial statements of Portico Academy Trust for the year ended 31st August 2020. The Trustees confirm that the Annual report and financial statements of the academy comply with the current statutory requirements, the requirements of the academy's governing document and provisions of the Charities Commission Statement of Recommended Practice (SORP) 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Trust operates 5 primary Academies serving a catchment area in Southend-on-Sea. The Academies have a combined capacity of 2,492 and had a roll of 2,379 in the January 2020 census.

Structure, governance and management

a. Constitution

The Academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association are the primary governing document of the Academy.

The Trustees of Portico Academy Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Portico Academy Trust.

The Charitable Company includes the following Academies:

- West Leigh Junior School joined the Trust on 01/04/2016
- Porters Grange Primary School & Nursery converted and joined the Trust on 01/04/2016
- Friars Primary School & Nursery converted and joined the Trust on 01/09/2016
- Hamstel Infant School & Nursery converted and joined the Trust on 01/09/2016
- Hamstel Junior School converted and joined the Trust on 01/09/2016

The operation of The Trust's Academies and employment of staff are the responsibility of the Trustees. The Trust retains control of the Academy budgets and finances, and monitors these through its Finance Committee. Each Academy has appointed Local Governing Committees (LGC) who have delegated authority to administer their Academy within agreed budgets.

Within this Report the term Trustees refers to a member of the Board of Trustees and the term Governor to a member of an LGC.

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

Post year end, a consultation concluded whereby the Local Governing Committees were disbanded, and those Governors were invited to become full Trustees of the Trust. From 1st October 2020, full governance is controlled by the Trustee board.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

b. 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.

c. Trustees' indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business.

d. Method of recruitment and appointment or election of Trustees

The arrangements are as set out in the Articles and Funding Agreement.

Trustees are appointed for a fixed term. The Chief Executive Officer (CEO) is an ex officio member of the Board of Trustees.

e. Policies adopted for the induction and training of Trustees

The Trust is committed to providing adequate opportunities for Trustees and Governors to undertake and receive suitable training so as to enable them to perform their role effectively. To this end the Trust links with a number of local training providers. New Trustees and Governors are required to attend a training programme. The induction programme will involve a tour of the relevant Academy, meetings with students and staff and provision of policy and procedures documents that are appropriate to the role they undertake with particular emphasis on the committee work that they will undertake.

f. Organisational structure

The governance of the Trust is defined in the Memorandum and Articles of Association together with the Funding Agreement with the Department of Education.

The Trustees of Portico Academy Trust are responsible for the strategic direction of the Trust. They are also responsible for setting strategic policy, adopting an annual plan and budget, monitoring the Trust by the use of those budgets, making major decisions about the direction of the Trust, capital expenditure and senior staff appointments. The Governors within their LGC's are responsible for implementing strategic policy, ensuring the appropriateness of annual budgets and capital expenditure projects for their Academy and monitoring performance against that budget and authorised capital limits.

The Senior Leadership teams (SLT'S) control the Academies at an executive level implementing policies and reporting to their LGC. Each SLT is responsible for the day to day operation of their Academy, in particular organising staff, resources and students. They are responsible for the authorisation of spending within agreed budgets and for the appointment of staff following vetting and safeguarding recruitment processes. The Trust's CEO is the Accounting Officer.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

g. Arrangements for setting pay and remuneration of key management personnel

Key management personnel include Trustees and those staff to whom the Trustees have delegated significant authority and responsibility in the day-to-day running of the Trust. Pay and remuneration of key management personnel is decided by a variety of contributory factors, such as the Academy group size, Individual School Range (ISR), the pay scales for each role and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards, the ability to recruit and retain in post, all of which are in accordance with the Trust's appointment and pay policies.

All amendments to key management's pay and remuneration are approved by the appropriate sub-committee and ratified by the Board of Trustees.

h. Related parties and other connected charities and organisations

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where the Trustee may have pecuniary interest in only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook.

The Trust does not have a formal sponsor.

i. Engagement with employees (including disabled persons)

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The Academy carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

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

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the Academy's equal opportunities policy, the Academy has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Academy's offices.

j. Engagement with suppliers, customers and others in a business relationship with the Academy

Close working relationships with our suppliers and key stakeholders allow efficient services and best value for money for the Trust. Procurement panels are tailored wherever possible to ensure that the best suppliers are appointed that suits the Trusts needs. Once appointed, we aim to maintain strong contract management by having key personnel in the Trust responsible for monitoring specific suppliers and the services that they provide.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, governance and management (continued)

k. Trade union facility time

The Trust had no staff who were relevant union officials during the year.

l. Risk Management

The Trustees regularly undertake a comprehensive assessment of possible risks to the future of the Academy (Risk Register). The chief risks identified include issues relating to academic performance, child welfare and finances. The Academy has developed policies and procedures to mitigate these risks. Where significant financial risk still remains, the school has ensured adequate insurance cover. There are effective systems of internal financial control (explained in more detail in the Governance Statement). The Risk Register is regularly reviewed by the Trustees.

Objectives and activities

a. Objects and aims

The Academy Trust's objects ('the Objects') are specifically restricted to the following:

- to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing, by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum; and
- to promote for the benefit of the inhabitants of the areas in which the Academies are situated the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

b. Objectives, strategies and activities

The principal object and aim for the Charitable Company is the operation of a number of Academies to provide free education and care for pupils of different abilities within its local community between the ages of 3 and 11.

The main objectives, strategies and activities for the year ended 31st August 2020 were:

- Explore the third sector for additional funding sources through fundraising and grant applications
- Narrow the gap between all pupils and dis-advantaged pupils
- Improve progress measures in all schools
- Increase the level of good/better/outstanding teaching
- Share subject leader expertise across the trust through collaboration
- Continue to explore further partnerships with a view to growing the trust.

c. Public benefit

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report

Achievements and performance

a. Achievements

Due to the COVID-19 pandemic and subsequent lockdown and closure of schools, there was no significant testing, and therefore no results available for the year.

All of the schools within the Trust remained open throughout the whole of lockdown, with staff remaining committed to providing for our pupils as much as the restrictions could allow.

We have continued to review our processes and set up during the past few months to allow all children to come back to school safely with as little disruption to their education as possible.

b. Going concern

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

c. Promoting the success of the company

The Trust works towards its future strategic aims in close collaboration with Senior Management Teams within the Schools. There is a strong focus on Teaching and Learning within the Trust to enable the best education and wellbeing of the pupils within it, which is the ultimate ambition of the Trust.

d. Key performance indicators

The key performance indicators are used by Portico Academy Trust to monitor progress against the Schools Development Plan, whilst monitoring the net incoming and outgoing resources for the year, prior to any depreciation charge and other recognised gains and losses. Portico Academy Trust complies with all terms and conditions of its Funding Agreement.

The following KPIs were monitored by the Trust for the year ended 31st August 2020:

	2020	2019
GAG as a % of total operational income	74%	74%
Total income per pupil	£5,785	£5,742
Total GAG per pupil	£3,943	£4,071
Staff costs as a % of total expenditure	88%	85%

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review

a. Overview and principal source of funding

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that is received from the Education and Skills Funding Agency (ESFA). For the year ended 31 August 2020 the Trust received £12,002,537 (2019: £11,323,711) of GAG and other grant funding, as well as £461,607 (2019: £539,092) of self-generated income. A high percentage of this income is spent on wages and salaries and support costs to deliver the Trust's primary objective of the provision of education.

During the year the Trust spent £910,655 to support capital new build and improvement projects on the various academy sites. The Trust brought forward from 2018/19, £336,735 restricted income funds and £2,074,590 unrestricted funds. No new academies joined in the year. The carry forward for 2019/20 is £674,975 restricted income funds and £2,317,942 unrestricted funds.

Due to the accounting rules for the Local Government Pension Scheme under FRS102, the Trust is recognising a significant pension fund deficit of £7,799,000 (2019: £6,403,000). This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over a number of years. The deficit has been guaranteed by the Department of Education.

b. Reserves policy

The trustees are aware of the requirement to balance current and future needs and always aim to set a balanced budget with annual income balancing annual expenditure. The Trustees monitor estimated year-end carry forward figures via the monthly reports from the Finance Director. The budget plan identifies how any carry forward will be allocated in the plan for the following academic year, including the identification of any funds earmarked for a specific project or purpose.

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £2,317,942. This has been built up from a mixture of locally raised income and balances transferred from the predecessor schools.

The Trustees are holding unrestricted funds to cover future increases in costs and expenditure that may arise from uninsurable losses. The Trust always plans to have a sufficient carry forward to assist in making strategic decisions to keep in line with national funding changes and curriculum needs.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2020 was £2,992,917.

The cash balance of the Trust has been very healthy all year, ending the year with a balance of £3,836,487. A significant proportion of this cash is held against specific projects and is not available for meeting normal recurring expenditure. The Trustee's finance committee monitors cash flow as part of the Finance Director reports to ensure sufficient coverage of short term cash flow variances.

c. Investment policy

There are no investments held beyond cash deposits retained with the major UK banking banks. Speculative investments are not permitted.

For the year ended 31 August 2020, the charitable company's cash balances generated a return of £16,384 (2019: £4,069)

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report (continued)

Financial review (continued)

d. Principal risks and uncertainties

The Trust works with the LGC's in maintaining a central risk register identifying the major risks, to which each Academy is exposed, and identifying actions and procedures to mitigate those risks. This register is approved and monitored by the Board of Trustees with a formal review of the process undertaken on an annual basis. The internal audit control systems and the exposure to identified risks were monitored by an internal audit report commissioned by the Trustees. The principal risks facing the Trust are outlined below; those facing the Academies at an operational level are addressed by their systems and by internal financial and other controls.

The Trustees report that that the Trust's financial and internal controls conform to guidelines issued by the ESFA, and that improvements to the wider framework of systems dealing with business risk and risk management strategy continue to be made and formally documented.

It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

As a group of academy schools, the level of financial risk is low. Cash flows can be reliably forecast, monitored and reported. Staff costs make up the majority of expenditure and are relatively stable with contingencies in place to cover such items as sickness and maternity.

The Trustees assess the other principal risks and uncertainties facing the Trust as follows:

- Funding - each Academy within the Trust has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.
- Failures in governance and/or management – the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.
- Reputational – the continuing success of the individual Academies is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student progress and outcomes are closely monitored and reviewed.
- Safeguarding and child protection – the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.
- Staffing – the success of the Academies is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning.
- Fraud and mismanagement of funds – the Trust appointed Price Bailey Chartered Accountants to carry out independent and external checks on financial systems and records as required by the Academy Financial handbook. All finance staff receive training to keep up to date with financial practise requirements and develop their skills in this area.
- Financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low.
- Defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any Academy ceasing to exist the main risk to the Trust is an annual cash flow funding of part of the deficit, Trustees take these payments into account when setting the annual budget plan.

The Trust and each Academy have continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Fundraising

Financing of equipment and services from funds outside the Trust's normal revenue budgets is becoming increasingly important in maintaining the quality of education for our students.

Currently the majority of the additional income from fundraising comes from voluntary donations, through PA and other parental contributions for Trips and Clubs, and a small level of Grant fundraising. We currently have not explored sponsorship opportunities.

Fundraising is seen by the Trust as a legitimate means of improving our ability to purchase goods, equipment or services, which are not available within capital or revenue budgets. For the public donating cash or equipment, or actively raising funds is seen as a positive way of supporting schools within the Trust.

The Board of Trustees is responsible for ensuring that:

1. Correct procedures are in place and followed for fundraising procedures
2. Expenditure is properly validated
3. All funds raised are properly accounted for and audited
4. The money is expended in accordance with the objectives agreed with the fundraisers

Streamlined energy and carbon reporting

The Trust's greenhouse gas emissions and energy consumption are as follows:

	2020
Energy consumption breakdown (kWh):	
Gas	2,604,369
Electricity	1,886,655
Scope 1 emissions (in tonnes of CO2 equivalent):	
Gas consumption	1,101
Total scope 1	1,101
Scope 2 emissions (in tonnes of CO2 equivalent):	
Purchased electricity	798
Total gross emissions (in tonnes of CO2 equivalent)	1,899
Intensity ratio:	
Tonnes of CO2 equivalent per pupil	0.76

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Streamlined energy and carbon reporting (continued)

The Trust has followed and used the following quantification and reporting methodologies:

- the 2019 HM Government Environmental Reporting Guidelines;
- the GHG Reporting Protocol - Corporate Standard; and
- the 2020 UK Government's Conversion Factors for Company Reporting.

The chosen intensity ratio is total gross emissions in tonnes of CO2 equivalent per pupil, the recommended ratio for the sector.

Plans for future periods

The Trustee's priorities for the next year are

- continue to explore the third sector for additional funding sources through fundraising and grant applications;
- narrow the gap between all pupils and dis-advantaged pupils;
- improve progress measures in all schools;
- continue to explore further partnerships with a view to growing the trust.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that 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 auditors are aware of that information.

Auditors

The auditors, MWS, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 8 December 2020 and signed on its behalf by:

Robert Hellen - Chair of Trustees

.....
Robert Hellen
Chair of Trustees

Cheryl Woolf - Accounting Officer

.....
Cheryl Woolf
Accounting Officer

PORTICO ACADEMY TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

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

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

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

Governance

The information on governance included here supplements that described in the Trustees' report and in the statement of trustees' responsibilities. The board of Trustees has formally met 7 times during the year.

Attendance during the year at meetings of the board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Katherine Baynes, Trustee	4	7
Robert Hellen, Chair of Trustees	7	7
Graham Lane, Trustee	7	7
Steven Levy, Trustee	2	7
Cheryl Woolf, Accounting Officer	7	7
Alan Murkin, Trustee	7	7
Frances Gretton, Trustee	7	7
Garry Lowen, Trustee	0	4
Chris Hatton, Trustee	0	1
Heather Oram, Trustee	3	3

During the year ended 31 August 2020 both Chris Hatton and Garry Lowen resigned from their position as trustees and Heather Oram was appointed a trustee.

No formal review of the effectiveness of the board has been undertaken in the year. There is currently a skills and effectiveness assessment being carried out with the Trustees..

This will be reviewing the current skills and contributions made by individual trustees over the last year, incorporating all training and development completed by Trustees. The impact of this exercise is to ensure that the work of the Trustees continue to be impactful and offer appropriate challenge to the Trust, as well as identifying any gaps in knowledge that may need to be addressed through training or appointing additional Trustees.

Since the year end, successful recruitment of several Trustees has enabled working groups to be established in line with the skills and experience of these individuals to allow more specific and beneficial governance discussions going forward.

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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

The accounting officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The accounting officer for the Academy has delivered improved value for money during the year by:

Educational outcome

Educational standard in the academies within the Trust continue to improve. Strong use of internal data has enabled targeted improvement to specific curriculum areas and individual pupils.

Finance governance and oversight

The Trustees, Accounting Officer and Senior Leadership Team maintain a strong oversight of the finance system within the academies. All purchase orders and payments are reviewed prior to authorisation so that budget holders can be challenged on the effectiveness of their spending proposals and that they are in line with budget plans previously submitted. Trustees receive regular management accounts which are discussed and challenged at the finance focused Trustee meetings. Each individual academy also faces further scrutiny from their Local Governing Committee.

Better purchasing

As the Trust is currently 5 academies, schedules of leases, service level agreements, maintenance & energy contracts, annual safety inspections and licenses required have been collated, making notes of renewal dates and notice periods. We continue to align these where possible to generate some economies of scale across the Trust. We also continue to exercise a stronger buying power over suppliers to secure trust wide discounts to ensure value for money. We will continue to seek central procurement where possible to ensure best value of services for the Trust.

Reviewing controls and managing risks

The Trust has in place a balanced budget and a three year forecast. We will be developing long term asset replacement plans and a building maintenance programme. These will be regularly reviewed by Trustees to ensure the long term viability of the Trust and its objectives.

Regular reports are provided to budget holders, while detailed management accounts are provided for Local Governing Committee meetings to assist in ensuring effective use of resources and minimising waste.

Assets are used effectively to generate additional income, such as hire of premises and movement of surplus funds to interest paying accounts.

The Trust has a risk register in place which is reviewed regularly to ensure risks are mitigated effectively.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy 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 Portico Academy Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

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GOVERNANCE STATEMENT (CONTINUED)

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees;
- regular reviews by the Local Governing Committees of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- identification and management of risks.

The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have engaged Price Bailey to perform a comprehensive internal control review during the year at all academies.

The appointee's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems.

On an annual basis, the reviewer reports to the board of Trustees through the Finance Committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

Review of effectiveness

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

- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress;
- the work of the reviewer;
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

PORTICO ACADEMY TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the Board of Trustees on 8 December 2020 and signed on their behalf by:

Robert Hellen - Chair of Trustees

.....
Robert Hellen
Chair of Trustees

Cheryl Woolf - Accounting Officer

.....
Cheryl Woolf
Accounting Officer

PORTICO ACADEMY TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Portico Academy Trust I have considered my responsibility to notify the Academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy 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 board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy'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.

Cheryl Woolf - Accounting Officer

.....
Cheryl Woolf
Accounting Officer
Date: 8 December 2020

PORTICO ACADEMY TRUST
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

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

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 8 December 2020 and signed on its behalf by:

Robert Hellen - Chair of Trustees

.....
Robert Hellen
Chair of Trustees

PORTICO ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PORTICO ACADEMY TRUST**

Opinion

We have audited the financial statements of Portico Academy Trust (the 'academy') for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

PORTICO ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PORTICO ACADEMY TRUST (CONTINUED)**

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditors' report thereon. Other information includes the Reference and administrative details, the Trustees' report including the Strategic report, and the Governance statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

PORTICO ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
PORTICO ACADEMY TRUST (CONTINUED)**

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the Trustees (who are also the directors of the Academy 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's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's members those matters we are required to state to them in an 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 Academy and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jonathan Gorridge

Jonathan Gorridge FCA (senior statutory auditor)

for and on behalf of

MWS

Chartered Accountants

Registered Auditors

Kingsridge House

601 London Road

Westcliff-On-Sea

Essex

SS0 9PE

Date: 05 January 2021

PORTICO ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PORTICO
ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated November 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Portico Academy Trust during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Portico Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Portico Academy Trust's funding agreement with the Secretary of State for Education dated 24 March 2016 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Assessing the risk of material irregularity in the Academy Trust;
- Commissioning a self-assessment review of the Trustees' governance arrangements and consideration of any material non-compliance with the Academies Financial Handbook;
- Investigating any areas of significant risk identified;
- Consideration of the work performed under our audit engagement and any impact this may have on our regularity conclusion or regularity risk assessment;
- A review of the internal controls and internal audit procedures for areas of significant risk and performing further substantive testing where necessary.

PORTICO ACADEMY TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO PORTICO
ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Conclusion

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

MWS

Reporting Accountant
MWS
Chartered Accountants

Kingsridge House
601 London Road
Westcliff-On-Sea
Essex
SS0 9PE

Date: 05 January 2021

PORTICO ACADEMY TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Note					
Income from:					
Donations and capital grants	3	113,962	-	1,167,096	1,281,058
Charitable activities	4	-	12,002,537	-	12,002,537
Other trading activities	5	461,607	-	-	461,607
Investments	6	16,384	-	-	16,384
		<u>591,953</u>	<u>12,002,537</u>	<u>1,167,096</u>	<u>13,761,586</u>
Total income					
Expenditure on:					
Charitable activities	8	32,078	12,285,333	587,662	12,905,073
Other expenditure	9	7,787	-	-	7,787
		<u>39,865</u>	<u>12,285,333</u>	<u>587,662</u>	<u>12,912,860</u>
Total expenditure					
		<u>552,088</u>	<u>(282,796)</u>	<u>579,434</u>	<u>848,726</u>
Net income/(expenditure)					
Transfers between funds	19	(308,735)	158,037	150,698	-
		<u>243,353</u>	<u>(124,759)</u>	<u>730,132</u>	<u>848,726</u>
Net movement in funds before other recognised gains/(losses)					
Other recognised gains/(losses):					
Actuarial losses on defined benefit pension schemes	27	-	(933,000)	-	(933,000)
		<u>243,353</u>	<u>(1,057,759)</u>	<u>730,132</u>	<u>(84,274)</u>
Net movement in funds					
Reconciliation of funds:					
Total funds brought forward		2,074,590	(6,066,265)	20,680,004	16,688,329
Net movement in funds		243,353	(1,057,759)	730,132	(84,274)
		<u>2,317,943</u>	<u>(7,124,024)</u>	<u>21,410,136</u>	<u>16,604,055</u>
Total funds carried forward					

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 26 to 51 form part of these financial statements.

PORTICO ACADEMY TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 09952066

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	16	21,097,628	20,647,046
		21,097,628	20,647,046
Current assets			
Debtors	17	510,383	547,499
Cash at bank and in hand		3,836,487	2,913,347
		4,346,870	3,460,846
Creditors: amounts falling due within one year	18	(1,041,444)	(1,016,563)
Net current assets		3,305,426	2,444,283
Total assets less current liabilities		24,403,054	23,091,329
Net assets excluding pension liability		24,403,054	23,091,329
Defined benefit pension scheme liability	27	(7,799,000)	(6,403,000)
Total net assets		16,604,054	16,688,329
Funds of the Academy			
Restricted funds:			
Fixed asset funds	19	21,410,137	20,680,004
Restricted income funds	19	674,975	336,735
		22,085,112	21,016,739
Restricted funds excluding pension asset	19	22,085,112	21,016,739
Pension reserve	19	(7,799,000)	(6,403,000)
Total restricted funds	19	14,286,112	14,613,739
Unrestricted income funds	19	2,317,942	2,074,590
Total funds		16,604,054	16,688,329

The financial statements on pages 23 to 51 were approved by the Trustees, and authorised for issue on 08 December 2020 and are signed on their behalf, by:

Robert Hellen - Chair of Trustees

Cheryl Woolf - Accounting Officer

.....
Robert Hellen
Chair of Trustees

.....
Cheryl Woolf
Accounting Officer

The notes on pages 26 to 51 form part of these financial statements.

PORTICO ACADEMY TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	22	1,229,695	<i>(1,332)</i>
Cash flows from investing activities			
	23	(306,555)	<i>(196,756)</i>
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		923,140	<i>(198,088)</i>
Cash and cash equivalents at the beginning of the year		2,913,347	<i>3,111,435</i>
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	24, 25	3,836,487	<i>2,913,347</i>
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 26 to 51 form part of these financial statements

PORTICO ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

Portico Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 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 Academy 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

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

• **Grants**

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

General Annual Grant is recognised in full in the statement of financial activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

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

• **Donations**

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

• **Other income**

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

PORTICO ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.4 Expenditure

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Taxation

The Academy 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 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.

1.6 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

PORTICO ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. Accounting policies (continued)

1.6 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Long-term leasehold property	- Straight line 50 years for buildings, land is depreciated over the life of the lease.
Fixtures and fittings	- Straight line 5 years
Plant and machinery	- Straight line 5 years
Computer equipment	- Straight line 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 and reclassified to freehold or leasehold land and buildings.

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

1.7 Debtors

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

1.8 Cash at bank and in hand

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

1.9 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 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.

1.10 Financial instruments

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement bases 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 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 18. 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.

PORTICO ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.11 Operating leases

Rentals paid under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

1.12 Pensions

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

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

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

1.13 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy 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 Department for Education Group.

Investment income, gains and losses are allocated to the appropriate fund.

PORTICO ACADEMY TRUST
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the 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 on the carrying amount of the pension liability.

3. Income from donations and capital grants

	Unrestricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Donations and educational trips	113,962	-	113,962	<i>200,150</i>
ESFA capital grants	-	1,167,096	1,167,096	<i>970,706</i>
	<u>113,962</u>	<u>1,167,096</u>	<u>1,281,058</u>	<u><i>1,170,856</i></u>
<i>Total 2019</i>	<u><i>200,150</i></u>	<u><i>970,706</i></u>	<u><i>1,170,856</i></u>	

PORTICO ACADEMY TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

4. Funding for the Academy's educational operations

	Restricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
DfE/ESFA grants			
General Annual Grant (GAG)	9,380,008	9,380,008	9,185,920
Other DfE/ESFA grants	1,773,527	1,773,527	1,415,311
	<hr/>	<hr/>	<hr/>
	11,153,535	11,153,535	10,601,231
Other government grants			
Local authority grants	842,575	842,575	704,350
	<hr/>	<hr/>	<hr/>
	842,575	842,575	704,350
Other funding			
Other non-government grants	6,427	6,427	18,130
	<hr/>	<hr/>	<hr/>
	12,002,537	12,002,537	11,323,711
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Total 2019</i>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	11,323,711	11,323,711	

5. Income from other trading activities

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Hire of facilities	130,305	130,305	121,658
Catering income	150,569	150,569	178,132
Services provided	156,376	156,376	202,445
School sales	9,650	9,650	15,690
Fundraising	12,575	12,575	16,835
Training income	2,132	2,132	4,332
	<hr/>	<hr/>	<hr/>
	461,607	461,607	539,092
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Total 2019</i>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	539,092	539,092	

PORTICO ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Interest receivable	16,384	16,384	4,069
<i>Total 2019</i>	4,069	4,069	

7. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	<i>Total 2019 £</i>
Educational Operations:					
Direct costs	8,365,209	-	341,864	8,707,073	8,542,810
Allocated support costs	2,104,871	1,227,900	865,228	4,197,999	4,588,786
Other expenditure	-	-	7,787	7,787	9,960
	<u>10,470,080</u>	<u>1,227,900</u>	<u>1,214,879</u>	<u>12,912,859</u>	<u>13,141,556</u>
<i>Total 2019</i>	<u>10,285,111</u>	<u>1,411,047</u>	<u>1,445,398</u>	<u>13,141,556</u>	

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Educational Operations	32,078	12,872,995	12,905,073	13,131,596
<i>Total 2019</i>	<u>110,354</u>	<u>13,021,242</u>	<u>13,131,596</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

9. Other expenditure

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
School Sales	7,787	7,787	9,960
<i>Total 2019</i>	9,960	9,960	

10. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Educational Operations	8,707,073	4,197,999	12,905,072	13,131,596
<i>Total 2019</i>	8,542,810	4,588,786	13,131,596	

Analysis of direct costs

	Educational Operations 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Staff costs	8,365,209	8,365,209	8,094,925
Technology costs	45,937	45,937	52,532
Educational supplies	203,697	203,697	281,854
Staff development	56,740	56,740	29,813
Educational consultancy	26,940	26,940	44,798
Other direct costs	8,550	8,550	38,888
	8,707,073	8,707,073	8,542,810
<i>Total 2019</i>	8,542,810	8,542,810	

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

10. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational Operations 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Net pension finance charge	112,000	112,000	<i>118,000</i>
Staff costs	2,104,871	2,104,871	<i>2,190,186</i>
Depreciation	587,662	587,662	<i>585,355</i>
Technology costs	17,885	17,885	<i>23,561</i>
Maintenance of premises	209,005	209,005	<i>299,805</i>
Cleaning	233,283	233,283	<i>195,941</i>
Rent and rates	77,802	77,802	<i>101,481</i>
Energy costs	120,148	120,148	<i>166,311</i>
Insurance	42,912	42,912	<i>56,155</i>
Security and transport	11,929	11,929	<i>42,723</i>
Catering	340,367	340,367	<i>404,782</i>
Bank interest and charges	6,121	6,121	<i>5,443</i>
Indirect staff costs	2,854	2,854	<i>9,566</i>
Legal and professional fees	222,602	222,602	<i>214,211</i>
Other support costs	108,558	108,558	<i>175,266</i>
	<u>4,197,999</u>	<u>4,197,999</u>	<u><i>4,588,786</i></u>
<i>Total 2019</i>	<u><u>4,588,786</u></u>	<u><u>4,588,786</u></u>	

During the year ended 31 August 2020, the Academy Trust incurred the following governance costs:

£17,000 (2019: £15,000)

11. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £	<i>2019 £</i>
Operating lease rentals	5,698	<i>6,397</i>
Depreciation of tangible fixed assets	587,662	<i>585,355</i>
Fees paid to auditors for:		
- audit	<u>17,000</u>	<u><i>15,000</i></u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

12. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020	<i>2019</i>
	£	£
Wages and salaries	7,696,934	<i>7,801,097</i>
Social security costs	659,214	<i>672,106</i>
Pension costs	2,017,263	<i>1,732,089</i>
	10,373,411	<i>10,205,292</i>
Agency staff costs	96,669	<i>79,819</i>
	10,470,080	<i>10,285,111</i>

b. Staff numbers

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

	2020	<i>2019</i>
	No.	<i>No.</i>
Teachers	132	<i>138</i>
Administration and educational support (including part time)	219	<i>230</i>
Management	8	<i>8</i>
	359	<i>376</i>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

12. Staff (continued)

c. Higher paid staff

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

	2020	2019
	No.	No.
In the band £60,001 - £70,000	2	4
In the band £70,001 - £80,000	5	4
In the band £80,001 - £90,000	1	-
In the band £90,001 - £100,000	1	1
	=====	=====

d. Key management personnel

The key management personnel of the Academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy was £749,019 (2019 £748,540).

13. Central services

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

- Leadership staff
- Administration supplies
- Legal and professional fees
- Central support staff

The Academy charges for these services on the following basis:

5% of General Annual Grant (GAG) income

The actual amounts charged during the year were as follows:

	2020	2019
	£	£
West Leigh Junior School	92,001	89,805
Porters Grange Primary School and Nursery	85,182	81,632
Hamstel Infant School and Nursery	90,904	89,651
Hamstel Junior School	114,117	109,091
Friars Primary School and Nursery	86,796	87,521
Total	===== 469,000	===== 457,700

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

14. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy. The principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2020	<i>2019</i>
		£	£
Cheryl Woolf, Accounting Officer	Remuneration	95,000 -	<i>90,000 -</i>
		100,000	<i>95,000</i>
	Pension contributions paid	20,000 -	<i>15,000 -</i>
		25,000	<i>20,000</i>

During the year, retirement benefits were accruing to 1 Trustees (*2019 - 1*) in respect of defined benefit pension schemes.

During the year ended 31 August 2020, no Trustee expenses have been incurred (*2019 - £NIL*).

15. Trustees' and Officers' insurance

The Academy has opted into the Department of 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 membership.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

16. Tangible fixed assets

	Long-term leasehold property £	Assets under constructio n £	Fixtures and fittings £	Plant and machinery £	Computer equipment £	Total £
Cost or valuation						
At 1 September 2019	20,786,167	773,438	298,938	18,911	421,325	22,298,779
Additions	34,669	910,655	37,095	-	55,825	1,038,244
Transfers between classes	1,512,803	(1,512,803)	-	-	-	-
At 31 August 2020	<u>22,333,639</u>	<u>171,290</u>	<u>336,033</u>	<u>18,911</u>	<u>477,150</u>	<u>23,337,023</u>
Depreciation						
At 1 September 2019	1,195,700	-	169,118	6,598	280,317	1,651,733
Charge for the year	421,243	-	64,980	3,493	97,946	587,662
At 31 August 2020	<u>1,616,943</u>	<u>-</u>	<u>234,098</u>	<u>10,091</u>	<u>378,263</u>	<u>2,239,395</u>
Net book value						
At 31 August 2020	<u>20,716,696</u>	<u>171,290</u>	<u>101,935</u>	<u>8,820</u>	<u>98,887</u>	<u>21,097,628</u>
At 31 August 2019	<u>19,590,467</u>	<u>773,438</u>	<u>129,820</u>	<u>12,312</u>	<u>141,008</u>	<u>20,647,045</u>

17. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	-	440
VAT repayable	77,593	204,643
Prepayments and accrued income	432,790	342,416
	<u>510,383</u>	<u>547,499</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

18. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	5,799	5,261
Other creditors	830,587	369,107
Accruals and deferred income	205,058	642,195
	1,041,444	1,016,563
	1,041,444	1,016,563
	2020 £	2019 £
Deferred income at 1 September 2019	157,749	214,173
Resources deferred during the year	124,101	157,749
Amounts released from previous periods	(157,749)	(214,173)
	124,101	157,749
	124,101	157,749

Deferred income includes amounts received as follows:

Universal Infant Free School Meals received in advance of entitlement £124,101 (2019: £112,032)
 Rates relief received in advance of entitlement £Nil (2019: £10,886)
 Amounts received in advance for school trips, meals and other contributions £Nil (2019: £34,831)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

19. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
General Funds	2,073,563	576,320	(39,865)	(308,735)	-	2,301,283
Central funds	1,027	15,632	-	-	-	16,659
	<u>2,074,590</u>	<u>591,952</u>	<u>(39,865)</u>	<u>(308,735)</u>	<u>-</u>	<u>2,317,942</u>
Restricted general funds						
Central funds	172,502	-	(444,331)	469,000	-	197,171
General Annual Grant (GAG)	-	9,380,009	(8,752,655)	(310,963)	-	316,391
Other DfE/ESFA grants	164,233	1,773,527	(1,776,347)	-	-	161,413
Local Authority grants	-	842,575	(842,575)	-	-	-
Other grants	-	6,426	(6,426)	-	-	-
Pension reserve	(6,403,000)	-	(463,000)	-	(933,000)	(7,799,000)
	<u>(6,066,265)</u>	<u>12,002,537</u>	<u>(12,285,334)</u>	<u>158,037</u>	<u>(933,000)</u>	<u>(7,124,025)</u>
Restricted fixed asset funds						
Assets inherited on conversion	17,671,390	-	(394,764)	-	-	17,276,626
DfE/ESFA grants	32,957	1,167,096	-	(887,548)	-	312,505
Assets purchased from grants and other funds	2,975,657	-	(192,897)	1,038,246	-	3,821,006
	<u>20,680,004</u>	<u>1,167,096</u>	<u>(587,661)</u>	<u>150,698</u>	<u>-</u>	<u>21,410,137</u>
Total Restricted funds	<u>14,613,739</u>	<u>13,169,633</u>	<u>(12,872,995)</u>	<u>308,735</u>	<u>(933,000)</u>	<u>14,286,112</u>
Total funds	<u>16,688,329</u>	<u>13,761,585</u>	<u>(12,912,860)</u>	<u>-</u>	<u>(933,000)</u>	<u>16,604,054</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

19. Statement of funds (continued)

Restricted general funds

These funds relate to the Academy's development and operational activities.

Restricted pension funds

These funds represent the LGPS obligation to the employees of the Academy Trust.

Restricted fixed asset fund

These funds relate to long term assets held by the Academy Trust and grants to purchase or maintain these assets.

Unrestricted funds

These funds relate to amounts generated or acquired with no restricted covenants attached to them other than for use within the charitable objects of the Academy.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020.

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £	2019 £
West Leigh Junior School	444,527	446,872
Porters Grange Primary School and Nursery	427,242	418,279
Hamstel Infant School and Nursery	798,295	558,739
Hamstel Junior School	487,468	210,046
Friars Primary School and Nursery	621,560	603,860
Central funds	213,825	173,529
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	2,992,917	2,411,325
Restricted fixed asset fund	21,410,137	20,680,004
Pension reserve	(7,799,000)	(6,403,000)
	<hr/>	<hr/>
Total	16,604,054	16,688,329
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2020 £	Total 2019 £
West Leigh Junior School	1,538,499	474,701	111,655	297,223	2,422,078	2,327,240
Porters Grange Primary School and Nursery	1,561,446	151,483	28,893	248,708	1,990,530	2,182,408
Hamstel Infant School and Nursery	1,595,190	497,082	83,059	328,954	2,504,285	2,548,714
Hamstel Junior School	1,894,759	476,046	83,271	285,038	2,739,114	2,768,858
Friars Primary School and Nursery	1,514,726	410,171	34,986	241,331	2,201,214	2,252,066
Central funds	260,589	207,388	-	-	467,977	476,915
Academy	8,365,209	2,216,871	341,864	1,401,254	12,325,198	12,556,201

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

	<i>Balance at 1 September 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2019 £</i>
Unrestricted funds						
General Funds	2,066,892	743,312	(120,314)	(615,992)	-	2,073,898
Central funds	692	-	-	-	-	692
	2,067,584	743,312	(120,314)	(615,992)	-	2,074,590

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

19. Statement of funds (continued)

	<i>Balance at 1 September 2018</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2019</i>
	£	£	£	£	£	£
Restricted general funds						
Central funds	191,717	-	(476,915)	457,700	-	172,502
General Annual Grant (GAG)	58,033	9,167,440	(9,390,934)	165,461	-	-
Other DfE/ESFA grants	-	1,433,791	(1,269,558)	-	-	164,233
Local Authority grants	-	704,350	(704,350)	-	-	-
Other grants	-	18,130	(18,130)	-	-	-
Pension reserve	(4,733,000)	-	(576,000)	-	(1,094,000)	(6,403,000)
	<u>(4,483,250)</u>	<u>11,323,711</u>	<u>(12,435,887)</u>	<u>623,161</u>	<u>(1,094,000)</u>	<u>(6,066,265)</u>
Restricted fixed asset funds						
Assets inherited on conversion	18,102,436	-	(431,046)	-	-	17,671,390
DfE/ESFA grants	167,556	970,706	-	(1,105,305)	-	32,957
Assets purchased from grants and other funds	2,031,830	-	(154,309)	1,098,136	-	2,975,657
	<u>20,301,822</u>	<u>970,706</u>	<u>(585,355)</u>	<u>(7,169)</u>	<u>-</u>	<u>20,680,004</u>
Total Restricted funds	<u>15,818,572</u>	<u>12,294,417</u>	<u>(13,021,242)</u>	<u>615,992</u>	<u>(1,094,000)</u>	<u>14,613,739</u>
Total funds	<u><u>17,886,156</u></u>	<u><u>13,037,729</u></u>	<u><u>(13,141,556)</u></u>	<u><u>-</u></u>	<u><u>(1,094,000)</u></u>	<u><u>16,688,329</u></u>

20. Transfers between funds

£469,000 has been transferred out of restricted funds General Annual Grant (GAG) to central funds representing contributions to central funds.

£158,037 has been transferred from unrestricted funds to restricted funds General Annual Grant (GAG) to cover a deficit in the GAG fund.

£150,698 has been transferred from unrestricted funds to restricted fixed asset funds representing fixed assets purchased using unrestricted funds.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

21. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	21,097,628	21,097,628
Current assets	2,317,942	1,716,419	312,509	4,346,870
Creditors due within one year	-	(1,041,444)	-	(1,041,444)
Provisions for liabilities and charges	-	(7,799,000)	-	(7,799,000)
Total	2,317,942	(7,124,025)	21,410,137	16,604,054

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Restricted fixed asset funds 2019 £</i>	<i>Total funds 2019 £</i>
Tangible fixed assets	-	-	20,647,045	20,647,045
Current assets	2,074,590	1,353,298	32,959	3,460,847
Creditors due within one year	-	(1,016,563)	-	(1,016,563)
Provisions for liabilities and charges	-	(6,403,000)	-	(6,403,000)
Total	2,074,590	(6,066,265)	20,680,004	16,688,329

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

22. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2020 £	2019 £
Net income/(expenditure) for the period (as per statement of financial activities)	848,726	(103,828)
Adjustments for:		
Depreciation	587,662	585,354
Capital grants from DfE and other capital income	(990,785)	(875,640)
Interest receivable	(16,384)	(4,069)
Defined benefit pension scheme cost less contributions payable	351,000	458,000
Defined benefit pension scheme finance cost	112,000	118,000
Decrease/(increase) in debtors excluding capital	213,431	(181,932)
(Increase) in capital debtors	(176,311)	-
Increase in creditors excluding capital	300,356	2,783
Net cash provided by/(used in) operating activities	1,229,695	(1,332)

23. Cash flows from investing activities

	2020 £	2019 £
Dividends, interest and rents from investments	16,384	4,069
Payments for fixed asset purchases	(1,313,724)	(1,076,465)
Capital grants from DfE Group	990,785	875,640
Net cash used in investing activities	(306,555)	(196,756)

24. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	3,836,487	2,913,347
Total cash and cash equivalents	3,836,487	2,913,347

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

25. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	2,913,347	923,140	3,836,487
	<u>2,913,347</u>	<u>923,140</u>	<u>3,836,487</u>

26. Capital commitments

At 31 August 2020 the Academy Trust had capital commitments as follows

	2020 £	2019 £
Contracted for but not provided in these financial statements	<u>215,818</u>	<u>724,052</u>

27. Pension commitments

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

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

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 full-time 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

27. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, 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 year amounted to £1,047,032 (2019 - £724,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £783,000 (2019 - £755,000), of which employer's contributions totalled £631,000 (2019 - £605,000) and employees' contributions totalled £ 152,000 (2019 - £150,000). The agreed contribution rates for future years are 25.0 per cent for employers and 5.5 per cent to 12.5 per cent for employees.

As described in note 1.12 the LGPS obligation relates to the employees of the Academy, 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. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

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

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FOR THE YEAR ENDED 31 AUGUST 2020

27. Pension commitments (continued)

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	3.25	3.70
Rate of increase for pensions in payment/inflation	2.25	2.20
Discount rate for scheme liabilities	1.60	1.88
Inflation assumption (CPI)	2.25	2.20
Commutation of pensions to lump sums	50.0	50.00
Inflation assumption (RPI)	3.05	3.20

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

	2020	2019
	Years	Years
<i>Retiring today</i>		
Males	21.8	21.3
Females	23.8	23.6
<i>Retiring in 20 years</i>		
Males	23.2	23.0
Females	25.2	25.4

Sensitivity analysis

	2020	2019
	£000	£000
Discount rate +0.1%	13,592	11,602
Discount rate -0.1%	14,295	12,223
Mortality assumption - 1 year increase	14,445	12,362
Mortality assumption - 1 year decrease	13,451	11,472
Salary increase +0.1%	13,978	11,945
Salary increase -0.1%	13,900	11,871

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27. Pension commitments (continued)

The Academy's share of the assets in the scheme was:

	2020 £	2019 £
Equities	3,804,000	3,470,000
Gilts	263,000	303,000
Corporate bonds	345,000	310,000
Property	477,000	440,000
Cash and other liquid assets	166,000	130,000
Alternative assets and other managed funds	1,085,000	822,000
Total market value of assets	6,140,000	5,475,000

The actual return on scheme assets was £154,000 (2019 - £397,000).

The amounts recognised in the Statement of financial activities are as follows:

	2020 £	2019 £
Current service cost	(1,099,000)	(1,063,000)
Settlement gains	122,000	-
Interest income	-	128,000
Interest cost	(112,000)	(246,000)
Administrative expenses	(5,000)	-
Total amount recognised in the Statement of financial activities	(1,094,000)	(1,181,000)

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

	2020 £	2019 £
At 1 September	11,908,000	9,211,000
Current service cost	1,099,000	937,000
Interest cost	220,000	246,000
Employee contributions	152,000	150,000
Actuarial losses	859,000	1,363,000
Benefits paid	(71,000)	(125,000)
Past service costs	-	126,000
Effects of non-routine settlements	(228,000)	-
At 31 August	13,939,000	11,908,000

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27. Pension commitments (continued)

Changes in the fair value of the Academy's share of scheme assets were as follows:

	2020 £	2019 £
At 1 September	5,505,000	4,478,000
Interest income	108,000	128,000
Actuarial (losses)/gains	(74,000)	269,000
Employer contributions	631,000	605,000
Employee contributions	152,000	150,000
Benefits paid	(71,000)	(125,000)
Effects of non-routine settlements	(106,000)	-
Administrative expenses	(5,000)	-
At 31 August	6,140,000	5,505,000

Impact of the McCloud/Sargeant judgement on the Local Government Pension Scheme

An allowance was made in 2019 for the Court of Appeal judgement in relation to the McCloud & Sargeant cases which relate to age discrimination within the Judicial & Fire Pension schemes respectively. On 27 June 2019 the Supreme Court denied the Government's request for an appeal, and on 15 July 2019 the Government released a statement to confirm that it expects to have to amend all public service schemes, including the LGPS.

The estimated impact on the total liabilities at 31 August 2019 was allowed for as a past service cost and has resulted in a slight increase in the defined benefit obligation as at 31 August 2020.

This adjustment is an estimate of the potential impact on the Trust's defined benefit obligation as provided by the scheme's actuary. The Actuary's assessment is based on analysis carried out by the Government Actuary's Department (GAD) and the Trust's liability profile.

The GAD assessment is based on a "worst-case" scenario whereby this case impacts on all active members in the scheme as at 31 March 2019. It is the view of the Trustees and their actuary that this is not a realistic estimate. The actuary has therefore adjusted their estimate to only include members who were active at 31 March 2012.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published. It is not anticipated that there are any material differences between the approach underlying the estimated allowance in 2019 and the proposed remedy.

28. 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.

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29. Related party transactions

Owing to the nature of the Academy 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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the Academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

West Leigh Swim School

West Leigh Swim School Limited a registered charity of which C J Woolf is a Director and Trustee leased a swimming pool from the Academy Trust during the reporting period. The rental charged is considered a fair market rent for the use of the swimming pool.

Rent charged during the accounting period amounted to £32,000 (2019: £52,000) and £nil (2019: £12,000) was outstanding at the end of the reporting period.

30. Controlling party

There is no ultimate controlling party