

Company Registration Number: 08130302 (England & Wales)

SOUTH DOWNS LEARNING TRUST

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

SOUTH DOWNS LEARNING TRUST
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members

Dr R Godfrey
Mr P Lindsey
Mr M Cross
Mr T Hulme

Trustees

Mrs C Bradbrook
Mrs R Conroy
Dr R Godfrey (appointed 1 October 2021)
Mr P Lindsey, Chair of Trustees
Mr H Knox-Macaulay, Executive Headteacher & Accounting Officer (resigned 31 August 2021)
Mr P Murphy, Executive Headteacher & Accounting Officer (appointed 1 September 2021)
Mr B Roddick (resigned 18 September 2021)
Mrs A Wardle
Mr C Warner, Vice Chair
Mr A White (appointed 23 November 2020)

Company registered number

08130302

Company name

South Downs Learning Trust

Principal and registered office

Park Avenue, Eastbourne, East Sussex

Company secretary

Mrs T Comfort

Independent auditors

Knill James LLP, One Bell Lane, Lewes, East Sussex

Bankers

Lloyds TSB, Terminus Road, Eastbourne, East Sussex

Solicitors

Browne Jacobson, Mowbray House, Castle Meadow Road, Nottingham, NG2 1BJ

SOUTH DOWNS LEARNING TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The South Downs Learning Trust was formed by the merger of Ocklynge Junior School and Ratton School Academy Trust on 1 December 2017.

- Ocklynge Junior School accommodates children from 7 to 11 years of age. It has a pupil capacity of 840 with 793 pupils currently enrolled based on the October 2020 census.
- Ratton School is an 11 to 16 mixed comprehensive school. It has a pupil capacity of 1215 with 1190 pupils currently enrolled based on the October 2020 census.

Our vision is to be a community of primary and secondary academies that are the first choice for students and families in Sussex, with an outstanding reputation for high aspiration and high achievement, creating caring, confident, creative students who achieve excellence.

A key responsibility for the South Downs Learning Trust is to meet local educational needs and in turn improve the life chances of young people in the Eastbourne area.

Structure, governance and management

a. Constitution

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

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

The Trustees of South Downs Learning Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as South Downs Learning Trust.

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.

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

Trustee Liability and Fidelity Guarantee is covered by an insurance policy (Education Combined) with the RPA.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

The number of Trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Subject to Articles 48-49 and 53, the Academy Trust shall have the following Trustees:

- a. Up to 8 Trustees, appointed under Article 50;
- b. The Chief Executive Officer, if appointed under Article 57;
- c. not used; and
- d. A minimum of two Parent Trustees elected or appointed under Articles 53-56 in the event that no Local Governing Bodies are established under Article 100a or if no provision is made for at least two Local Parent Governors on each established Local Governing Body pursuant to Article 101A.

The Academy Trust may also have any Co-Opted Trustee appointed under Article 58.

Trustees are appointed for a 4 year period, except that this time limit does not apply to the Executive Headteacher. Subject to remaining eligible, any Trustee can be re appointed or re-elected.

The fundamental principles around governance are articulated in the Governance Charter and Scheme of Delegation. South Downs Learning Trust is committed to reviewing and developing the Governance structures to take into account the dynamic environment of education and best practice as the Trust evolves.

The Trust Board retains overall responsibility and ultimate decision making authority for all the work of the Academy Trust in line with the direct responsibility to the Department for Education and the Secretary of State for Education. The structure is designed to enable Trustees to hold leaders rigorously to account for the performance of the Trust's schools.

To ensure the Trust Board has the capacity, skills and succession plans to have a positive impact on outcomes for pupils, the Board carries out a skills audit annually. Where the skills audit identifies key skills are missing on the Board, expertise will be sourced to support effective challenge and scrutiny in specialist areas. This was done in June 2019.

e. Policies adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but will always include a tour of the Trust's schools and a chance to meet staff and pupils. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents they will need to undertake their role as Trustees. A fellow trustee is appointed to act as a mentor to every new trustee.

All new Trustees also have the opportunity to undertake National Governance Association Training and all Trustees receive regular National Governance Association updates, in addition to training offered by external providers.

Training opportunities and refreshers to ensure Trustees are regularly updated on relevant developments impacting on their role and responsibilities. This includes annual training on trustees' responsibilities regarding company and charity duties, safeguarding and other sessions as required, e.g. analysing school performance data, identified from trustee skills audits.

Training is also key for the Local Governing Committees through the identification of training needs which are relevant to the specific roles of individual governors.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

f. Organisational structure

The Trustees are collectively responsible for the overall direction of South Downs Learning Trust and its strategic management. This involves determining the guiding principles within which the academies operate, setting general policy, adopting an annual development plan and budget, approving the annual statutory accounts, monitoring academy activities and making major decisions about capital expenditure and senior staff appointments. The Trustees are also responsible for ensuring that the Trust meets all its statutory obligations and through the Executive Headteacher and Executive Business Manager that it complies with financial regulations. The Executive Headteacher is the Accounting Officer for the Trust.

South Downs Learning Trust comprises two schools:

- Ratton School – a 11-16 mixed secondary phase school.
- Ocklynge Junior School – a 7-11 mixed primary phase school.

The Trust Board is responsible for the overall framework, for the governance of the Trust and determines membership, terms of reference and procedures for committees of the Board and other working groups. It receives reports including policies for ratification. It monitors the activities of the Local Governing Committees through direct reporting from the elected Chairs. This supports high accountability as the Trust establishes itself.

The Trustees have devolved the day to day operational management of the Trust to the MAT Executive Team which is led by the Executive Headteacher.

The Executive Headteacher is the Trust's Accounting Officer and has overall responsibility for the day to day financial management of the Trust.

The Core Leadership Team (CLT) of Ratton School comprises the Executive Headteacher; one Head of School, seven Senior Assistant Headteachers and the Executive Business Manager. The CLT is responsible for strategy, the day to day smooth running of the school and standards; including progress, attitudes to learning and teaching and learning. The CLT meet weekly to discuss matters relating to the operation and leadership of the Academy.

The Senior Leadership Team (SLT) of Ocklynge Junior School comprises the Executive Headteacher, Headteacher, one Deputy Headteacher and five Assistant Headteachers. The SLT is responsible for strategy, the day to day smooth running of the school and standards; including progress, attitudes to learning and teaching and learning. The SLT meet weekly to discuss matters relating to the operation and leadership of the Academy.

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TRUSTEES' REPORT (CONTINUED)
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Structure, governance and management (continued)

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

The Trustees of South Downs Learning Trust delegates, to the Executive Headteacher and leadership teams, the responsibility for all the day to day operations of the Trust.

The members of the Executive Team are included in the Reference and Administrative Details on page 1.

The pay of the Executive Team and leadership of each academy school is reviewed annually by the Pay Committee in line with the Trust's pay and remuneration policy and by reference to published pay scales for both teaching and support staff and benchmarking.

As an Academy Trust, South Downs Learning Trust can set its own pay and conditions. The Trust chooses to follow the School's Teacher's Pay and Conditions Document (STPCD). The Board of Trustees for South Downs Learning Trust has established a pay range for the Headteacher, Deputy Headteacher and Senior Assistant Headteachers in accordance with the STPCD. On determining the appropriate pay range the Board of Trustees did consider the permanent responsibilities of the role, any challenges that are specific to the role and all other relevant considerations. As directed by the STPCD the pay range for the Executive Headteacher has not exceeded the maximum of the Executive Headteacher group. In addition, and as directed by the STPCD, the maximum of the Deputy or Senior Assistant Headteachers pay range has not exceeded the maximum of the Headteacher group.

The Trust has robust arrangements in place for performance management of all staff.

h. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	3
Full-time equivalent employee number	3

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	3
51%-99%	-
100%	-

Percentage of pay bill spent on facility time £

Total cost of facility time	1,719
Total pay bill	6,009,627
Percentage of total pay bill spent on facility time	0.03 %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	49.88 %
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TRUSTEES' REPORT (CONTINUED)
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Structure, governance and management (continued)

i. Related parties and other connected charities and organisations

South Downs Learning Trust continues to have strong links with our local feeder schools, secondary schools and supports initiatives across the community with Outreach projects in Performing Arts, Music, PE, ICT and Languages. We are part of the Alliance Group of Schools enabling joint projects to take place including literacy, information advice & guidance, mathematics, an outstanding teacher programme and many more. We actively support our primary schools for outreach. We are fortunate to still have an active Parents and Friends Association within our MAT. We are fortunate to still have an active Parents and Friends Association within our MAT. Peer reviews are undertaken by the Business Manager, who recently retired from Seaford Head school. There was business collaboration with local schools via the Business Manager.

j. Risk management

Risks are managed in accordance with the Risk Management Policy and in accordance with the Funding Agreement and the Academies Financial Handbook.

The Trustees have assessed the major risks to which the Trust is exposed. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. A Risk Register has been compiled to address strategic, compliance, operational and financial risks. Priority is based upon an assessment of likelihood and impact. The risk register is a standing item on the Trust Board agenda to support dynamic risk management. Where significant financial risk still remains, the Trustees have ensured the Trust has adequate insurance cover in place.

The Trustees receive and act on any recommendations made with the annual external audit management report.

Objectives and activities

a. Objects and aims

The principal objects of the Academy Trust as set out in its Articles of Association, are:

- 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 a school offering a broad and balanced curriculum; and
- To promote for the benefit of individuals living in Eastbourne and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large, the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

The vision of the multi academy trust is to enable outstanding provision for all learners across both schools.

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TRUSTEES' REPORT (CONTINUED)
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Objectives and activities (continued)

b. Objectives, strategies and activities

Ratton School

Our last Ofsted took place in June 2017 when Ofsted rated Ratton School as a Good school:

"This school continues to be good",

The leadership team has maintained the good quality of education in the school since the last inspection. You have provided determined and effective leadership aimed at ensuring high quality and challenging education for every pupil, regardless of their ability or circumstance. Staff support your vision and work very hard to continue to improve the school. The caring and stimulating culture you have created enables pupils to do their best. As a result, pupils make good progress and achieve well at your inclusive school.

This year GCSE exams did not take place due to Covid-19. Guidance was received from OFQUAL that Teacher Assessed Grades would be awarded based on teachers' professional judgement.

The process started with staff at Ratton providing the exam boards with a moderated Teacher Assessed Grade (TAG) for each student in each subject. On receiving our TAGs, exam boards were due to apply a standardisation process to account for the past performance of the school and generate the final awarded grade. This included benchmarking with the national cohort, and past Ratton cohorts. If exam boards were unhappy with the evidence provided by schools, or individual school results were unrealistic in relation to previous years' results then they would scrutinise further.

Grade 4+ in English and Maths: 73 %

Grade 5+ in English and Maths: 50 %

Attainment 8 = 52.4

"Virtues based" education is at the heart of the school community and the vision is to develop caring, confident and creative students who achieve excellence.

The six shared virtues are:

- Compassion; Showing kindness and caring for other people and the environment.
- Respect: Acting with respect to others both in and out of school. Valuing diversity and avoiding discriminatory language.
- Creativity: Being curious about the world, solving problems and asking thoughtful questions.
- Teamwork: Achieving together by working as part of a team. Understanding that we all have to do our fair share and get along with different people.
- Effort: Putting effort into all aspects of school life. Demonstrating resilience when faced with a challenge.
- Responsibility: Taking responsibility by being in the right place, at the right time, doing the right thing.

Ocklynge Junior School

We would usually report the year 6 SATS results for the cohort that left in July 2021, but this is not possible because the SATS exams were cancelled because of Covid 19 and national school closures. The Department of Education did not replace the exams with any alternative form of assessment.

The aims for Ocklynge Junior School are:

- To help the children towards the realisation of their full potential.

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TRUSTEES' REPORT (CONTINUED)
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Objectives and activities (continued)

- To help the children to develop enquiring minds and the ability to listen, concentrate and apply themselves to tasks.
- To develop children's self reliance, confidence, and the ability to work both independently and co-operatively.
- To appreciate and value each child's contribution and celebrate their achievements.
- To instil respect and understanding for religious and moral values and tolerance of races, religions and ways of life.
- To help the children learn courtesy, good manners, and consideration for others.

Underpinning these are a set of core values:

We are Responsible – We work hard, are helpful, reliable, look after property and co-operate with others.

We are Respectful – We are polite, well mannered, considerate, gentle and understanding of others.

We are Reflective – We are patient, honest, kind, good listeners, forgiving and admit when we have made a mistake.

We are Resilient – We do not give up, we try to sort out our problems calmly and give things a go.

c. Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities. In particular the trustees consider how planned activities will contribute to the aims and objectives they have set to ensure an educational service for the young people and that there is no financial return to Trustees in providing this service.

Strategic report

Achievements and performance

Since the Trust formed, a significant amount of school and MAT resource has been linked to supporting key areas for development, particularly at Ocklynge Junior School. The school improvement model involved planned intervention driven by the Trust to secure improved outcomes. The Trust recognises that this approach is short term and is in place for a specific purpose and going forward the focus is creating increased leadership capacity. This is underpinned by a focus on high quality training, development and appraisal, both phase related and Trust wide.

There are 3 challenges for the Trust over the next few years:

1. Continue to improve the quality of teaching and learning and outcomes across both schools and for key groups of children.
2. To embed the Trust strategy and ensure that high quality leadership and governance continues to develop at pace as the Trust goes into its fourth year.
3. To ensure that the MAT financial sustainability continues in the medium long term.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Achievements and performance (continued)

a. Key financial performance indicators

The Academy Trust uses a number of benchmarks or performance indicators to evaluate its financial performance and drive budgetary control and monitoring.

The Academy Trust prepares management accounts, cash flow statements and an annual budget against which the actual income and expenditure is closely monitored to ensure that the Trust is delivering and achieving its targets to a high standard.

The Trustees monitor the management accounts presented to them on a termly basis and, in addition, a summarised management account is sent out each month to governors and school leadership teams. The annual budget is approved along with any changes during the financial year and budget variations are approved by the Board of Trustees.

School Leadership teams monitor the educational performance of students through regular data capture points and careful analysis of this data by leaders at all levels. This enables leaders to identify underachievement and informs intervention. Additional funding is used to support those groups vulnerable to underachievement, including students who are disadvantaged. Pupil Premium (PP) funding supports additional intervention in Maths and English (PP Progress Assistants), as well as supporting alternative provision for key students. The quality of teaching is regularly monitored and reviewed by means of daily learning walks, lesson observations, student voice and termly subject reviews. The Raising Achievement Development Plans identify and monitor progress in the areas for development. The views of parents and students are sought regularly and are important in informing our strategic planning.

b. Going concern

After making appropriate enquiries and in the light of the significant uncertainty around the short to medium term impact of the Covid-19 virus, the board has a reasonable expectation that the MAT 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.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Achievements and performance (continued)

c. Covid

The Trust has faced significant challenges since mid-February 2020 caused by the Covid 19 pandemic. On Friday 20th of March 2020 both schools closed in line with government guidelines and the vast majority of learning for students moved online. The Trust then needed to plan a number of recovery phases over the following six months to reopen both schools safely and support the learning of all pupils. The first phase involved establishing the systems to educate vulnerable pupils and the children of key workers on site and building up our remote education. We then moved to a wider opening from June onwards where both schools welcomed back children in Year 6 and Year 10 in line with government guidance. The third and final phase was the detailed planning involved in the full opening of both schools for all children in September.

Each stage involved a significant amount of organisation to ensure that the schools sites were safe and reflected the control measures in our risk assessments. Making both sites Covid 19 safe involved a significant amount of expenditure linked to hygiene products and also physical changes to each site to create zones or bubbles for specific year groups or classes. Many months of remote education needed a significant investment in our IT infrastructure and for devices for pupils to support their learning. These devices were essential and whilst a few laptops were received from the Department of Education, the Trust still bore the cost of this additional resourcing.

Both schools continued to be effected throughout 2020 – 2021 financially and academically.

Financial review

The Trustees are satisfied with the financial performance of the schools throughout the year and with the tight monitoring systems in place and the resulting financial position at the year end. The main source of funding for the year was the General Annual Grant and the schools' previous year's reserves.

Numerous policies in line with Educational and Skills Funding Agency (ESFA) requirements have been approved during the last period, including our fixed assets and disposals policy, which Trustees have agreed a capitalisation limit of £3,000 with straight line depreciation of 3 years for ICT items, 5 years for all other equipment and 125 years for buildings. A review of the Trust's reserve policy and investment policy has taken place.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

a. Reserves policy

For this period as a Trust, the MAT has formally approved a specific reserves policy. The reserves position is monitored through the management accounts, is considered sufficient at this time and is focused on the needs of our current students and our future strategic plan.

South Downs Learning Trust has established a reserves policy to protect its activities by providing a financial comfort zone against an unpredictable environment and to make sufficient provision for future cash flow requirements and capital procurement.

In looking at the future plans, the Trust needs to consider reserves money to cover them as it might be identified that they cannot be met from the income of a single year's budget alone.

Future plans need to be considered when setting the Trust's budget, in particular any uncertainty over future income or the risk of unexpected calls on the Schools' funds, balanced with the current needs of the schools.

Once a reserve policy is set, it should not be regarded as a static policy. These circumstances will change with time therefore the policy should be reviewed at least bi annually as part of the schools' planning processes or sooner (annually) if there is a concern on the future of reserves for the schools and not meeting the policy requirements. The policy provides the framework for future strategic planning and decision making and an effective policy will restrict the impact of any risk.

Reserves will be generated through improved operational efficiencies and effective manpower planning and resourcing in addition to a proactive programme to identify relevant sources of grant funding.

Setting of Reserves

The Schools' level of reserves has been reviewed in line with economic changes due to budget implications from the ESFA and the free school's impact on pupil numbers for future years and can be expressed as a target figure in the range of 5 – 12% of annual grant and should be informed by:

- Forecasts for levels of income for the current and future years, taking into account the reliability of each source of income.
- Forecasts for expenditure for the current and future years on the basis of planned activity.
- Analysis of future needs, opportunities, commitments or risks, where future income alone is unlikely to meet anticipated costs.
- Assessment, on the best evidence reasonably available, of the likelihood of each of those needs that justify having reserves arising and the potential consequence for the schools of not being able to meet them.

Limit of Reserves

The Trust should not set a level of reserves above the limits permitted by the ESFA that may result in a claw back of funds by the Department for Education. The limit is currently 12% of the General Annual Grant (currently £1,108,137 based on our grant figure).

If a zero level reserves policy is adopted the trust should consider the financial risks in such a policy and must explain their policy in the Trustee's annual report.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Monitoring of Reserves

The level of reserves is monitored throughout the year as part of the normal monitoring and budgetary reporting processes to:

- Identify when reserves are drawn on, the reasons and any corrective action, if any, that needs to be taken.
- Identify when reserve levels rise or fall significantly above or below target, the reasons and any corrective action, if any, that needs to be taken.
- Ensure that the reserves policy continues to be relevant as the school develops or brings on board new activities.
- Review the statement on reserves in the trustees' annual report where there have been significant changes in the reserves policy or levels held.
- The Trust is not allowed to be in a deficit budget situation.

Reserves levels

Funding received in any one year should support the Ratton & Ocklynge Academy Development Plan (RADP) and its implementation.

The Trust considers, and should aim for but no higher, £831,102 in any one financial year to be prudent (approximately 9% at its limit). This will be treated as follows:

- End of year reserves to utilise in future years to support the Development Plans/pupil number issues and budget implications due to ESFA grants being reduced, pay awards and changes in pensions/national insurance contributions. In year buildings contingency to meet and support emergency situations with the right to transfer unused funds during the summer term to meet building or other resource needs.
- Virement transfers approved from Reserves will be governed by the trust's Scheme of Delegation limits place approved either by governors at the Local Governing Committees (LGCs) or by Trustees if necessary (depending on the amount involved).
- Reserves held in excess of the target percentage will be reviewed on a regular basis and an appropriate range of options will be considered which might include releasing the funds into the revenue budget in furtherance of the Trust's objectives.

The policy and procedures for reserves will be monitored and actively reviewed and changes applied to reflect the nature of the trust's operations, beneficiaries and operating environment on an ongoing basis by the Executive Business Manager and the Trustees.

At the time of presenting the period end accounts, reserves that are not ring fenced or restricted amount to £1,978,436.

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TRUSTEES' REPORT (CONTINUED)
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b. Investment policy

Principles

The board of trustees may invest to further their charitable aims, but must ensure that investment risk is properly managed.

When considering making an investment the board of trustees must:

- Act within their powers to invest as set out in the articles of association
- Ensure this policy manages, controls and tracks their financial exposure, and ensures value for money
- Exercise care and skill in investment decisions, taking advice as appropriate from a professional adviser if needed
- Ensure that exposure to investment products is tightly controlled so that security of funds takes precedence over revenue maximisation
- Ensure that all investment decisions are in the best interest of the trust and commence broad public support
- Review the trust's investments and investment policy regularly
- Obtain the ESFA's prior approval for investment transactions which are novel and/or contentious
- Ensure the protection of present and future beneficiaries will be a key responsibility of the Trust.

On behalf of the Board of Trustees, the LGCs aim to manage the cash balances of South Downs Learning Trust for the day to day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances against inflation. In addition, the LGCs aim to invest surplus cash funds to optimise returns, ensuring the investment instruments are such that there is an absolute minimum risk to the loss of these cash funds. The Trust will seek to adopt a prudent appetite towards risk.

Purposes

- To ensure adequate cash balances are maintained in the current account to cover day to day working requirements
- To minimise the risk of loss in the capital value of any cash funds invested
- To protect, as far as possible, the capital value of any invested funds against inflation
- To optimise returns on invested funds on a long term real rate of return and provide a source of capital to meet beneficiary and operational needs
- To avoid speculative forms of investment
- To invest in common investment and/or unitised funds
- To provide an income to help maintain its operational effectiveness in the short term.

Guidelines

Regular cash flows are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll related commitments and outstanding supplier creditors that are due for payment. The bank account is not allowed to become overdrawn.

Where the cash flow identifies a base level of cash funds that will be surplus to requirements these may be invested only in interest bearing deposit accounts or bonds with well known "high street" or national institutions in order to minimise its risk.

Where robust financial monitoring indicates the availability for cash funds for investment, identified proportions of the surplus may be invested for periods of between 6 weeks and 3 years provided that funds can be withdrawn before the investment term albeit with an interest penalty.

The trust should seek to use a combination of positive and negative criteria to influence the decision making process.

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TRUSTEES' REPORT (CONTINUED)
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Positive criteria:

- Responsible employment practices
- Corporate governance practice
- Conscientiousness with regard to human rights
- Sustainable environmental practice
- Sensitivity towards the communities in which the business operates.

Guidance issued from the Charities commission has recommended against any direct investment in the following types of organisation:

- Involvement in indiscriminate weaponry
- Principal business activity or focus in adult material, alcoholic drink, gambling or weekly collected home credit.

Periodically (at least every 3 months) the Executive Business Manager will review the interest rates being achieved and will compare with other investment opportunities that comply with the parameters of this policy. She will also compare the investment performance against that of competitors and average performance indicators.

The Trust's annual report and financial statements will describe the investment policy used to select the investments as well as reporting on the performance of investments.

This statutory policy will be reviewed every 5 years.

c. Principal risks and uncertainties

As the main activity of the Academy Trust is to educate young people, funding streams are known, therefore uncertainties are minimal, although the opening of a Free School has had an impact on current pupil numbers in the community and may have an impact in years to come. We are currently reviewing 5 year plan for our Junior school in the MAT as there is a reduction in pupil numbers from feeder schools in 2023/24. As mentioned above, the high risk is the LGPS pension liability, which as of 31 August 2021 was £4,076,000 for the Trust.

d. Financial and Risk Management Objectives and Policies

The school operates the day to day management using straight forward financial practices held within a finance system, known as FMS. The bank account, creditors/debtors and monthly payroll procedures carry minimal risk or uncertainty. Cash flow is monitored very carefully to ensure there are no uncertainties. The biggest risk for the Academy is the Local Government Pension Scheme (LGPS) liability which is included in the annual accounts and this risk continues year on year.

Fundraising

The Academy Trust carries out a limited amount of fundraising, mindful of the communities within which it operates. In the circumstances when fundraising is undertaken, systems and controls are in place to separate and protect funds. The Trust is mindful of its responsibilities under the Charities (Protection and Social Investment) Act 2016 and legal rules, and ensures all activities are agreed and monitored at Senior Leadership Team level at both academies in compliance with relevant legal rules. Recognised standards are applied to ensure that fundraising is open, honest and respectful, protecting the public/parents from undue pressure to donate. Complaints are handled and monitored through the Trust's complaints procedure. External agencies are not employed by the Trust to fund raise. The fundraising is achieved by holding fayres, cake sales, sponsored walks and the monies used to donate to our chosen charities for the year or towards a school project.

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TRUSTEES' REPORT (CONTINUED)
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Plans for future periods

Future Strategic Goals, Initiatives and Projects

The 2018 to 2023 strategy for South Downs Learning Trust is led by our vision:

A community of primary and secondary academies that are the first choice for students and families in Sussex, with an outstanding reputation for high aspiration and high achievement.

We have four strategic aims, each with a set of key performance indicators.

Aim 1 – Work collaboratively with our local governing bodies and academy leadership teams to ensure effective systems of good governance and strategic oversight.

Aim 1 key performance indicators:

Scheme of delegation maintained at 'green' risk status with clear evidence of appropriate levels of autonomy and accountability.

Monitor effective development and impact of the Trust and LGC boards, ensuring the right people are in the right positions.

Monitor strategic objectives for all development plans, for 'on target'.

Aim 2 – Develop a world class rich and wide curriculum, that provides our children and students with an accomplished education.

Aim 2 key performance indicators:

Our academies to be within the top 20% of all schools nationally for achievement.

Monitor and maintain a 'green' risk status across all our schools for wider outcomes linked to learning and wellbeing.

Aim 3 – Attract and retain talented staff and strong leadership teams, who can help lead and develop our vision.

Aim 3 key performance indicators:

High quality staff training and development drives provision and secures outstanding provision for all our academies.

100% of learning is good or better as identified through achievement outcomes, reviews and appraisal.

Aim 4 – Increase sources of income for our academies, in order to fund a well planned capital improvement and growth programme.

Aim 4 key performance indicators:

All budgets should have an in year surplus with accurate 3 5 year finance projections.

Expenditure on capital improvement programme across all our schools should reflect our aspirations to provide a first class infrastructure.

A vision day is being planned for Trustees & Senior leadership teams to review the plan and update as necessary under the leadership of our new Executive Headteacher.

Funds held as custodian on behalf of others

Ratton School Fund

This is currently at nil balance since April 2020 as being held under the Trust's main accounting system rather than renew the expensive software but the bank accounts remains open in case it is needed.

SOUTH DOWNS LEARNING TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

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, Knill James LLP, 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 9 December 2021 and signed on its behalf by:



Mr P Lindsey
Chair of Trustees

SOUTH DOWNS LEARNING TRUST
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GOVERNANCE STATEMENT

Scope of responsibility

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

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 Executive Headteacher, 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 South Downs Learning 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 South Downs Learning Trust Board of Trustees

The Board of Trustees is the accountable body for the performance of all the schools within South Downs Learning Trust and as such has a responsibility to:

- Ensure clarity of vision, ethos and strategic direction.
- Hold the executive to account for the educational performance of the schools and their pupils, and the performance management of staff.
- Oversee the financial performance of South Downs Learning Trust and make sure its money is well spent.

South Downs Learning Trust Board will achieve this through:

- Setting the vision, ethos and strategy for South Downs Learning Trust and work with the academy schools to reflect this at a local level.
- Establish the governance structures for South Downs Learning Trust at all levels, in keeping with the Articles of Association.
- Provide clarity, through the Terms of Reference and Scheme of Delegation, of where the governance functions are exercised.
- Setting the level of accountability and authority of each level of governance through the Scheme of Delegation
- Engaging with Academy schools' communities, parents, pupils and staff.
- Contributing to developing collaborative relationships and partnerships beyond South Downs Learning Trust.
- Ensuring that there is a strong and effective executive leadership structure and personnel in place across South Downs Learning Trust.
- Overview and scrutiny of Academy schools' education performance data.
- Overview and scrutiny of South Downs Learning Trust's financial capability and management systems to ensure compliance with the Academies Financial Handbook and delivery of best value for money.
- Ensuring senior leaders within Academy schools are challenged to improve the education of their pupils.
- Developing South Downs Learning Trust's Board to ensure that it has the capacity, skills and succession plans to have a positive impact on outcomes for pupils.

SOUTH DOWNS LEARNING TRUST
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

As indicated earlier in this report, the Trustees benefit from training and development to ensure they are confident to discharge their responsibilities effectively.

The board of Trustees has formally met 5 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
Mrs C Bradbrook	5	5
Mrs R Conroy	4	5
Mr P Lindsey, Chair of Trustees	5	5
Mr H Knox-Macaulay, Executive Headteacher & Accounting Officer	5	5
Mr P Murphy, Executive Headteacher & Accounting Officer (as an observer)	1	1
Mrs A Wardle	5	5
Mr C Warner, Vice Chair	4	5
Mr A White	3	4

The Board of Trustees is assisted to progress its programme of work between meetings through the Strategy Group – consisting of the Executive Headteacher, Chair of Trustees, Local Governing Committee Co-Chairs and other Trustees/Executive team members by invitation. The Strategy Group meets every fortnight for the purposes of providing support and challenge to the Executive Team around the strategic programme agreed by the Trust Board.

Formal meetings of the Members are convened in accordance with requirements as set out in the Articles of Association.

Local Governing Committees

Each academy within South Downs Learning Trust has a Local Governing Committee. The Local Governing Committees are considered, in legal terms, to be committees of South Downs Learning Trust Board. The Co-Chairs are also Trustees and report directly to the Trust Board on the work of the LGCs.

Through the principle of 'Earned Autonomy' South Downs Learning Trust considers the role of the Local Governing Committees to be an important one. Wherever possible South Downs Learning Trust has sought to ensure that the responsibility of decision making is closest to the point of impact.

The full responsibilities of the LGCs are detailed in the Scheme of Delegation and the Terms of Reference but in broad terms include:

- To contribute to, and fulfil the vision and ethos of the academy school and South Downs Learning Trust as it relates to the academy school. LGCs have particular regard to the aims and ambitions for their pupils.
- To implement and review the strategic plan for the academy school in conjunction with the Academy Head and Executive Headteacher. The LGC is focused on the academy school performance and achieving sustained school improvement and having regard to any locally agreed priorities identified by South Downs Learning Trust Board.
- To act as a critical friend to the academy school leadership team; being ready to challenge and hold the school leaders to account for the performance of the academy school.
- Reviewing the management of finances of the academy school, assessing the annual budget prepared by the Academy Head/Business Manager, who will submit it for approval/ratification at South Downs

SOUTH DOWNS LEARNING TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Learning Trust Board. Deadlines for preparation are detailed in financial documentation. The LGC ensures that the academy school works within its allocated and agreed budget and adopts and implements the appropriate financial management policies and procedures as determined by South Downs Learning Trust and the Academies Financial Handbook.

- To engage with local communities and stakeholders.
- Report to the South Downs Learning Trust Board as required.

The Local Governing Committees continue to operate in a robust and challenging yet very supportive way. Governors are allocated responsibility for monitoring an area of the RADP (Raising Achievement Development Plan) and carry out regular visits in school to monitor the progress the school is making against these and report to the full LGC.

Mindful of the importance of succession planning on the LGCs, the Trust is implementing a development programme for future leadership of the LGCs.

The board of Trustees only met 5 times during 2020/2021, however it was still ensured there was oversight of funds maintained and assurance given throughout the financial year.

In addition to reporting at Trustee meetings the finances are also presented, reviewed and discussed at the Local Governing Committee for each school and monthly management accounts issued for review and comment to the Chair of Trustees and Executive Headteacher.

Finances are always an agenda item on the regular finance meetings held at each school between Executive Business Manager, Headteachers and Executive Headteacher.

Ocklynge Junior School Local Governing Committee

Ocklynge Local Governing Committee has formally met 4 times during the year.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mrs A Wardle	4	4
Mr H Knox-Macaulay	4	4
Mrs L Fitzpatrick	4	4
Mr J Reynard	3	4
Mrs J Wilson	4	4
Mr J Woodward	4	4
Mr M Willison	3	4
Ms M Aldous-Brown	3	3
Mr L Kelly	3	3
Mr M Grant	0	2
Member attending - Dr R Godfrey	0	4

SOUTH DOWNS LEARNING TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Ratton Local Governing Committee

Ratton Local Governing Committee has formally met 4 times during the year.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Mrs C Bradbrook	4	4
Mr H Knox-Macaulay	4	4
Mr C Brenchley	1	2
Mrs K Clark	1	2
Mrs D Clarke	4	4
Mr G Peevers	4	4
Mr J Henham	4	4
Mr D O'Brien	1	1
Ms A Woodward-Brown	3	3
Mrs S Smith	1	1
Mr J Woodward	4	4
Mrs P Patel	2	2
Mr N Stocker	1	1
Member attending - Dr R Godfrey	2	4

SOUTH DOWNS LEARNING TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

- Improved Educational outcomes
- Robust financial systems, Governance & oversight and reviewing controls and managing risk
- Better purchasing to ensure value and quality for money
- Improving income generation
- Further successful CIF project bid for roofs & boilers

At Ratton, high quality teaching and care ensure that our students are happy and able to achieve excellence in all aspects of their learning. Our resources have proven value for money during the last academic year which has helped us achieve our best results ever. At Ocklynge, the journey from becoming a sponsored academy with financial powers removed before conversion in 2017 and joining SDLT has continued to be positive with the academy ending the financial year with a small reserves surplus and a balanced budget moving forward. The school has engaged in seeking value for money and working alongside the Executive Business Manager to achieve improvements.

It is likely that the national financial climate and pupil numbers in coming years will present challenges and Ratton School and Ocklynge Junior School will endeavour to make savings through careful budget planning, 5 year planning of expenditure and school curriculum needs, tight monitoring procedures and effective purchasing along with a clear indication of the staffing structure needed for the curriculum needs of our students to meet the ever changing curriculum syllabus. In the year ended 31 August 2021 models of the 5 year plan have been produced and shared with Trustees and Core Leadership. The Executive Headteacher and Executive Business Manager have held regular meetings purely on budget focus to ensure VFM is achieved and financial sustainability for the future. The year ending 2021 was extremely different in aspects to other financial years due to the impact of COVID19 costs and were closely monitored and costs were covered through savings on other areas of the budgets.

We need to ensure continued sustainability for our pupils and ensure that the Trust's development plan can be met and that value for money areas continue to be achieved. A clear marketing strategy to support our vision for increasing pupil numbers needs to be agreed and focused for the foreseeable future to ensure we remain/maintain our reputational standards.

The schools have robust procedures, principles and recognised values in place to achieve:

- Transparency
- Integrity
- Competition
- Effectiveness & Efficiency
- Fair dealing with all suppliers, consultants & contractors
- Consistency
- Legality
- Accountability
- Enjoyment

SOUTH DOWNS LEARNING TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

Good practice identified for ensuring value for money included:

- continuing good GCSE & SATS results for the schools, achieved by ensuring all staffing needs were met, that robust data forecasts and analyses were in place and that the provision of additional revision/twilight classes after school, at weekends and during holiday periods were provided.
- additional staff employed in English & Mathematics to support smaller group works and intervention – a good resource funded through our pupil premium grant.
- Pupil Premium grant fully assessed at both schools and strategic plans in place to ensure VFM is reached for the grant and it meets the grant requirements and achieves maximum impact.
- extra curricular activities to ensure enjoyment and engagement are a success.
- a review of posts when staff resigned – not always replaced like for like.
- Successful CIF bid for heating controls for Ratton
- teachers' performance management and support staff appraisals were in place to ensure staff were working to clear objectives and targets to support the learning of our students and examination outcomes.
- IT investment during the year to provide additional technology and the infrastructure in excellent working order for students and staff, especially with the school's wireless system.
- the schools achieved much needed maintenance and equipment works, sourced at good quality and value for money to ensure the environment, buildings and social spaces continued to be safe and secure for our students.
- good collaboration with local schools in purchasing ensured best value for negotiating contracts e.g. grounds maintenance, software applications.
- engaging Student Parliament to contribute to decisions regarding resources which resulted in students successful learning and enjoyment.
- benchmarking with local schools, mainly on staffing and use of the national benchmarking data to ensure our resources are deemed VFM.
- procurement has proved successful since forming the MAT as reduced costs have already been possible with services purchased.
- Close review, monitoring and impact of Covid costs and ensuring VFM/needs analysis is achieved to ensure a safe environment.

SOUTH DOWNS LEARNING TRUST
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GOVERNANCE STATEMENT (CONTINUED)

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 Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in South Downs Learning Trust for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of Trustees has reviewed the key risks to which the Academy Trust 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 Trust's significant risks that has been in place for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The risk and control framework

The Academy Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including 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 Trustees 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 decided not to appoint an internal auditor. However, the Trustees have appointed Mr D Greaves, the retired Business Manager of Seaford Head School, to perform a peer review.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included:

- Personnel
- Payroll
- Income
- Banking
- Reconciliation
- Purchasing & tendering
- Policies
- Trustees and budget monitoring

The reviewer submits reports to the Trustees on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

SOUTH DOWNS LEARNING TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

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

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

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

Approved by order of the members of the Board of Trustees on 9 December 2021 and signed on their behalf by:



Mr P Lindsey
Chair of Trustees



Mr P Murphy
Accounting Officer

SOUTH DOWNS LEARNING TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of South Downs Learning Trust I have considered my responsibility to notify the Academy Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

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

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



Mr P Murphy
Accounting Officer
Date: 9 December 2021

SOUTH DOWNS LEARNING TRUST
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

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 . 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 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 9 December 2021 and signed on its behalf by:



Mr P Lindsey
Chair of Trustees

SOUTH DOWNS LEARNING TRUST
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH DOWNS LEARNING TRUST

Opinion

We have audited the financial statements of South Downs Learning Trust (the 'academy trust') for the year ended 31 August 2021 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 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Academy Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Academy Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

SOUTH DOWNS LEARNING TRUST
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH DOWNS LEARNING TRUST (CONTINUED)

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

- adequate accounting records have not been kept, 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.

SOUTH DOWNS LEARNING TRUST
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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH DOWNS LEARNING TRUST (CONTINUED)

Responsibilities of trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the academy and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment regulation and health and safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of academy staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings;
- Performing audit procedures on the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness and;
- Evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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.

SOUTH DOWNS LEARNING TRUST
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH
DOWNS LEARNING TRUST (CONTINUED)**

Use of our report

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

Knill James LLP

Mark Filsell FCA (Senior statutory auditor)

for and on behalf of

Knill James LLP

Chartered Accountant

Statutory Auditor

One Bell Lane

Lewes

East Sussex

16 December 2021

SOUTH DOWNS LEARNING TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SOUTH
DOWNS LEARNING TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 12 August 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Downs Learning Trust during the year 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of South Downs Learning Trust's funding agreement with the Secretary of State for Education dated 1 August 2012 and the Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our normal audit procedures do provide assurance with regard to the regularity engagement, however some additional testing has been undertaken. This included:

- direct consideration and corroboration of evidence used to inform the accounting officer's statements;
- extension of procedures to assess compliance with the funding agreement and Academies Financial Handbook from those already performed as part of the audit;
- consideration of whether expenditure outside of the academies delegated authorities (if any) has received departmental approval;

SOUTH DOWNS LEARNING TRUST
(A company limited by guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SOUTH DOWNS LEARNING TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

- evaluation and assessment of the operating effectiveness of the general control environment and operational level which are intended to reduce the risk of irregularity;
- assessment of the adequacy of policies and procedures to ensure compliance with the framework of authorities;
- consideration of whether the absence of a control (if any) represents a breach of authorities;
- review of accounts or transactions susceptible to a greater risk of impropriety such as credit cards and cash accounts;
- extension of testing to other funds, activities conducted, consideration of propriety, or the review of high level financial controls.

Conclusion

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



Mark Filsell FCA
Knill James LLP
Reporting Accountant

One Bell Lane
Lewes
East Sussex

Date: 16 December 2021

SOUTH DOWNS LEARNING TRUST
(A company limited by guarantee)

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

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:						
Donations and capital grants	3	-	-	190,322	190,322	35,926
Charitable activities	4	-	10,845,639	-	10,845,639	9,934,146
Other trading activities	5	432,693	-	-	432,693	553,881
Investments	6	225	-	-	225	2,039
Total income		432,918	10,845,639	190,322	11,468,879	10,525,992
Expenditure on:						
Raising funds		265,867	-	-	265,867	381,651
Charitable activities		-	11,432,584	310,765	11,743,349	11,167,424
Total expenditure	7	265,867	11,432,584	310,765	12,009,216	11,549,075
Net income/(expenditure)		167,051	(586,945)	(120,443)	(540,337)	(1,023,083)
Transfers between funds	20	-	54,553	(54,553)	-	-
Net movement in funds before other recognised gains/(losses)		167,051	(532,392)	(174,996)	(540,337)	(1,023,083)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	27	-	(500,000)	-	(500,000)	(697,000)
Net movement in funds		167,051	(1,032,392)	(174,996)	(1,040,337)	(1,720,083)
Reconciliation of funds:						
Total funds brought forward		1,811,385	(4,157,249)	19,663,390	17,317,526	19,037,609
Net movement in funds		167,051	(1,032,392)	(174,996)	(1,040,337)	(1,720,083)
Total funds carried forward		1,978,436	(5,189,641)	19,488,394	16,277,189	17,317,526

SOUTH DOWNS LEARNING TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 08130302

BALANCE SHEET
AS AT 31 AUGUST 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	15	19,488,394	19,663,390
Current assets			
Stocks	16	8,099	7,017
Debtors	17	335,085	383,283
Cash at bank and in hand		1,032,337	738,104
		<u>1,375,521</u>	<u>1,128,404</u>
Creditors: amounts falling due within one year	18	(457,906)	(465,717)
Net current assets		<u>917,615</u>	<u>662,687</u>
Total assets less current liabilities		<u>20,406,009</u>	<u>20,326,077</u>
Creditors: amounts falling due after more than one year	19	(52,820)	(62,551)
Net assets excluding pension liability		<u>20,353,189</u>	<u>20,263,526</u>
Defined benefit pension scheme liability	27	(4,076,000)	(2,946,000)
Total net assets		<u><u>16,277,189</u></u>	<u><u>17,317,526</u></u>
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	20	19,488,394	19,663,390
Restricted income funds	20	(1,113,641)	(1,211,249)
Restricted funds excluding pension asset	20	18,374,753	18,452,141
Pension reserve	20	(4,076,000)	(2,946,000)
Total restricted funds	20	<u>14,298,753</u>	<u>15,506,141</u>
Unrestricted income funds	20	1,978,436	1,811,385
Total funds		<u><u>16,277,189</u></u>	<u><u>17,317,526</u></u>

SOUTH DOWNS LEARNING TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 08130302

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2021

The financial statements on pages 33 to 64 were approved by the Trustees, and authorised for issue on 09 December 2021 and are signed on their behalf, by:



Mr P Lindsey
Chair of Trustees

SOUTH DOWNS LEARNING TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	22	439,509	(80,483)
Cash flows from investing activities	24	(135,544)	(32,678)
Cash flows from financing activities	23	(9,732)	(954)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		294,233	(114,115)
Cash and cash equivalents at the beginning of the year		738,104	852,219
Cash and cash equivalents at the end of the year	25, 26	<hr/> 1,032,337 <hr/>	<hr/> 738,104 <hr/>

SOUTH DOWNS LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

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 Trust, 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 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

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 in the light of the significant uncertainty around the short to medium term impact of the Covid-19 virus 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.

SOUTH DOWNS LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.3 Income

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

• **Grants**

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 Trust has provided the goods or services.

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.

• **Expenditure on raising funds**

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

• **Charitable activities**

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

SOUTH DOWNS LEARNING TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.4 Expenditure (continued)

All resources expended are inclusive of irrecoverable VAT.

1.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of financial activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of financial activities as the related expenditure is incurred.

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.7 Taxation

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

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

1.8 Tangible fixed assets

Assets costing £3,000 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:

SOUTH DOWNS LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.8 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

Leasehold property	- Over 125 years/20 years
Furniture and equipment	- 5 years straight line
Computer equipment	- 3 years straight line

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.

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.10 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.

1.11 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.

1.12 Liabilities

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

SOUTH DOWNS LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.13 Financial instruments

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 18 and 19. 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.

1.14 Operating leases

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

1.15 Pensions

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to 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.

SOUTH DOWNS LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.16 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy Trust at the discretion of the Trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

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 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 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Depreciation

The Academy exercises judgment to determine useful lives and residual values of property, plant and equipment. The assets are depreciated down to their residual values over their estimated useful lives.

SOUTH DOWNS LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

3. Income from donations and capital grants

	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Donations	-	51,600	51,600	-
Government grants	-	138,722	138,722	35,926
	<hr/>	<hr/>	<hr/>	<hr/>
	-	190,322	190,322	35,926
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Total 2020</i>	<i>44,396</i>	<i>(8,470)</i>	<i>35,926</i>	
	<hr/>	<hr/>	<hr/>	

SOUTH DOWNS LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

4. Funding for the Academy Trust's educational operations

	Restricted funds 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
DfE/ESFA grants			
General Annual Grant (GAG)	9,234,478	9,234,478	8,720,415
Other DfE/ESFA grants			
Pupil premium	495,720	495,720	520,302
Rates relief	51,814	51,814	51,345
Teachers' pay and pension grants	458,519	458,519	457,620
Sports grant	24,120	24,120	24,000
Other DfE grants	66,690	66,690	36,795
	<hr/>	<hr/>	<hr/>
	10,331,341	10,331,341	9,810,477
Other Government grants			
SEN	62,509	62,509	57,019
Local authority grants	242,127	242,127	66,650
	<hr/>	<hr/>	<hr/>
	304,636	304,636	123,669
COVID-19 additional funding (DfE/ESFA)			
Catch-up Premium	158,440	158,440	-
Other DfE/ESFA COVID-19 funding	51,222	51,222	-
	<hr/>	<hr/>	<hr/>
	209,662	209,662	-
	<hr/>	<hr/>	<hr/>
	10,845,639	10,845,639	9,934,146
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<i>Total 2020</i>	9,934,146	9,934,146	

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the academy trust's funding for Universal Infant Free School Meals and Pupil Premium is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

SOUTH DOWNS LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

5. Income from other trading activities

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
PTA and school trip income	65,645	65,645	89,788
Other sales	59,317	59,317	52,069
Lettings and rentals	30,804	30,804	47,849
Income from schools and external bodies	90,019	90,019	77,330
School fund income	-	-	607
Catering income	142,729	142,729	216,855
Club income	44,179	44,179	69,383
	432,693	432,693	553,881
	432,693	432,693	553,881
<i>Total 2020</i>	<i>553,881</i>	<i>553,881</i>	
	<i>553,881</i>	<i>553,881</i>	

6. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Investment income	225	225	2,039
	225	225	2,039
	225	225	2,039
<i>Total 2020</i>	<i>2,039</i>	<i>2,039</i>	
	<i>2,039</i>	<i>2,039</i>	

SOUTH DOWNS LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

7. Expenditure

	Staff Costs 2021 £	Premises 2021 £	Other 2021 £	Total 2021 £	Total 2020 £
Expenditure on fundraising trading activities:					
Direct costs	-	-	265,867	265,867	381,651
Educational operations:					
Direct costs	8,512,621	-	1,109,947	9,622,568	9,107,145
Allocated support costs	1,152,939	674,520	293,322	2,120,781	2,060,279
	<u>9,665,560</u>	<u>674,520</u>	<u>1,669,136</u>	<u>12,009,216</u>	<u>11,549,075</u>
<i>Total 2020</i>	<u>9,228,303</u>	<u>649,296</u>	<u>1,671,476</u>	<u>11,549,075</u>	

8. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £	Total funds 2020 £
Educational operations	<u>9,622,568</u>	<u>2,120,781</u>	<u>11,743,349</u>	<u>11,167,424</u>
<i>Total 2020</i>	<u>9,107,145</u>	<u>2,060,279</u>	<u>11,167,424</u>	

SOUTH DOWNS LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Educational operations 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Staff costs	8,512,621	8,512,621	8,102,832
Depreciation	310,765	310,765	300,451
Technology costs	129,807	129,807	93,816
Educational supplies	210,132	210,132	188,931
Examination fees	71,455	71,455	71,395
Staff development	19,842	19,842	23,066
Educational consultancy	176,214	176,214	178,974
Other direct costs	191,732	191,732	147,680
	<u>9,622,568</u>	<u>9,622,568</u>	<u>9,107,145</u>
<i>Total 2020</i>	<u>9,107,145</u>	<u>9,107,145</u>	

SOUTH DOWNS LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Educational operations 2021 £	Total funds 2021 £	<i>Total funds 2020 £</i>
Pension finance costs	48,000	48,000	35,000
Staff costs	1,152,939	1,152,939	1,125,471
Interest charges	-	-	344
Recruitment and support	28,770	28,770	24,201
Maintenance of premises and equipment	415,735	415,735	352,013
Cleaning	92,313	92,313	101,047
Rent & rates	82,668	82,668	90,294
Energy costs	83,804	83,804	121,149
Insurance	47,797	47,797	48,503
Security and transport	19,461	19,461	25,437
Other support costs	132,344	132,344	119,665
Audit and accountancy fees	16,950	16,950	17,155
	2,120,781	2,120,781	2,060,279
	2,060,279	2,060,279	
<i>Total 2020</i>			2,060,279

SOUTH DOWNS LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

9. Analysis of specific expenses

Included within expenditure are the following transactions:

	Total £	Individual items over £5,000 Amount £	Reason
Ex-gratia payments	10,203	6,241	Severance payment

The legal authority sought to make ex-gratia payments was in compliance with the Academies Financial Handbook 2020, being delegated authority or approval from the Education & Skills Funding Agency.

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2021 £	2020 £
Operating lease rentals	11,991	11,991
Depreciation of tangible fixed assets	310,765	300,451
Fees paid to auditors for:		
- audit	14,000	14,000
- other services	2,950	3,130
	<u>142,706</u>	<u>330,572</u>

SOUTH DOWNS LEARNING TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

11. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021 £	2020 £
Wages and salaries	6,730,843	6,497,189
Social security costs	626,476	597,101
Pension costs	1,933,002	1,905,216
	<u>9,290,321</u>	<u>8,999,506</u>
Agency staff costs	362,890	228,797
Staff restructuring costs	12,350	-
	<u>9,665,561</u>	<u>9,228,303</u>

Staff restructuring costs comprise:

	2021 £	2020 £
Redundancy payments	2,147	-
Severance payments	10,203	-
	<u>12,350</u>	<u>-</u>

b. Staff numbers

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

	2021 No.	2020 No.
Teaching	81	77
Administration and support	91	91
Management	27	27
	<u>199</u>	<u>195</u>

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11. Staff (continued)

c. Higher paid staff

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

	2021 No.	2020 No.
In the band £60,001 - £70,000	8	5
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	1	1
In the band £100,001 - £110,000	-	1
In the band £110,001 - £120,000	1	-
	1	-

d. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team. 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 Trust was £1,490,168 (2020 £1,475,847).

12. Central services

No central services were provided by the Academy Trust to its academies during the year and no central charges arose.

13. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. 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:

		2021 £	2020 £
Mr H Knox-Macaulay, Headteacher	Remuneration	120,000 - 125,000	115,000 - 120,000
	Pension contributions paid	25,000 - 30,000	25,000 - 30,000

During the year ended 31 August 2021, no Trustee expenses have been incurred (2020 - £NIL).

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14. Trustees' and Officers' insurance

The Academy Trust 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.

15. Tangible fixed assets

	Leasehold property £	Furniture and equipment £	Total £
Cost or valuation			
At 1 September 2020	20,550,855	499,131	21,049,986
Additions	-	135,769	135,769
At 31 August 2021	<u>20,550,855</u>	<u>634,900</u>	<u>21,185,755</u>
Depreciation			
At 1 September 2020	979,268	407,328	1,386,596
Charge for the year	232,864	77,901	310,765
At 31 August 2021	<u>1,212,132</u>	<u>485,229</u>	<u>1,697,361</u>
Net book value			
At 31 August 2021	<u>19,338,723</u>	<u>149,671</u>	<u>19,488,394</u>
At 31 August 2020	<u>19,571,587</u>	<u>91,803</u>	<u>19,663,390</u>

16. Stocks

	2021 £	2020 £
Finished goods and goods for resale	<u>8,099</u>	<u>7,017</u>

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17. Debtors

	2021 £	2020 £
Due within one year		
Trade debtors	5,192	1,833
Other debtors	70,041	144,266
Prepayments and accrued income	259,852	237,184
	335,085	383,283
	335,085	383,283

18. Creditors: Amounts falling due within one year

	2021 £	2020 £
Other loans	9,769	9,770
Other taxation and social security	162,366	144,680
Accruals and deferred income	285,771	311,267
	457,906	465,717
	457,906	465,717

	2021 £	2020 £
Deferred income at 1 September 2020	49,367	61,417
Resources deferred during the year	48,268	49,367
Amounts released from previous periods	(49,367)	(61,417)
	48,268	49,367
	48,268	49,367

Deferred income is in relation to local government rates relief and capital income received in advance.

Included in other loans are loans from the ESFA under the Condition Improvement Fund totalling £9,769 (2020 - £9,770) which have a maturity date of August 2025, March 2026 and August 2029. The loans are interest-free. The loans are interest-free except for one loan which is charged at a rate of 6.44% per annum.

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19. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Other loans	<u>52,820</u>	<u>62,551</u>

Included in other loans are loans from the ESFA under the Condition Improvement Fund totalling £52,820 (2020 - £62,551) which have a maturity date of August 2025, March 2026 and August 2029. The loans are interest-free except for one loan which is charged at a rate of 6.44% per annum.

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**NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
General Funds	1,811,385	432,918	(265,867)	-	-	1,978,436
Restricted general funds						
General Annual Grant (GAG)	(1,211,249)	10,845,639	(10,802,584)	54,553	-	(1,113,641)
Pension reserve	(2,946,000)	-	(630,000)	-	(500,000)	(4,076,000)
	<u>(4,157,249)</u>	<u>10,845,639</u>	<u>(11,432,584)</u>	<u>54,553</u>	<u>(500,000)</u>	<u>(5,189,641)</u>
Restricted fixed asset funds						
Restricted fixed asset fund	19,663,390	190,322	(310,765)	(54,553)	-	19,488,394
Total Restricted funds	<u>15,506,141</u>	<u>11,035,961</u>	<u>(11,743,349)</u>	<u>-</u>	<u>(500,000)</u>	<u>14,298,753</u>
Total funds	<u><u>17,317,526</u></u>	<u><u>11,468,879</u></u>	<u><u>(12,009,216)</u></u>	<u><u>-</u></u>	<u><u>(500,000)</u></u>	<u><u>16,277,189</u></u>

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

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 Department for Education where the asset acquired or created is held for a specific purpose. The transfer to restricted fixed asset funds relates to the acquisition of fixed assets from GAG.

Restricted funds comprise all other restricted funds received and include grants from the Department for Education, Local Authority and other bodies which must be applied for specific purposes.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2021.

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20. Statement of funds (continued)

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

	<i>Balance at 1 September 2019 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2020 £</i>
Unrestricted funds						
General Funds	1,637,116	555,920	(381,651)	-	-	1,811,385
Restricted general funds						
General Annual Grant (GAG)	(958,552)	9,978,543	(10,223,974)	(7,266)	-	(1,211,249)
Pension reserve	(1,606,000)	-	(643,000)	-	(697,000)	(2,946,000)
	<u>(2,564,552)</u>	<u>9,978,543</u>	<u>(10,866,974)</u>	<u>(7,266)</u>	<u>(697,000)</u>	<u>(4,157,249)</u>
Restricted fixed asset funds						
Restricted fixed asset fund	19,929,124	(8,470)	(264,530)	7,266	-	19,663,390
CIF funding	35,921	-	(35,921)	-	-	-
	<u>19,965,045</u>	<u>(8,470)</u>	<u>(300,451)</u>	<u>7,266</u>	<u>-</u>	<u>19,663,390</u>
Total Restricted funds	<u>17,400,493</u>	<u>9,970,073</u>	<u>(11,167,425)</u>	<u>-</u>	<u>(697,000)</u>	<u>15,506,141</u>
Total funds	<u><u>19,037,609</u></u>	<u><u>10,525,993</u></u>	<u><u>(11,549,076)</u></u>	<u><u>-</u></u>	<u><u>(697,000)</u></u>	<u><u>17,317,526</u></u>

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

Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	2021 £	2020 £
Ratton School	562,461	550,549
Ocklynge Junior School	302,334	49,587
Total before fixed asset funds and pension reserve	864,795	600,136
Restricted fixed asset fund	19,488,394	19,663,390
Pension reserve	(4,076,000)	(2,946,000)
Total	16,277,189	17,317,526

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 2021 £	Total 2020 £
Ratton School	5,065,482	1,140,765	519,072	1,384,959	8,110,278	7,860,746
Ocklynge Junior School	1,112,912	1,797,383	247,128	430,750	3,588,173	3,387,878
	6,178,394	2,938,148	766,200	1,815,709	11,698,451	11,248,624

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21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	19,488,394	19,488,394
Current assets	1,978,436	(602,915)	-	1,375,521
Creditors due within one year	-	(457,906)	-	(457,906)
Creditors due in more than one year	-	(52,820)	-	(52,820)
Provisions for liabilities and charges	-	(4,076,000)	-	(4,076,000)
Total	<u>1,978,436</u>	<u>(5,189,641)</u>	<u>19,488,394</u>	<u>16,277,189</u>

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2020 £</i>	<i>Restricted funds 2020 £</i>	<i>Restricted fixed asset funds 2020 £</i>	<i>Total funds 2020 £</i>
Tangible fixed assets	-	-	19,663,390	19,663,390
Current assets	1,811,385	(682,981)	-	1,128,404
Creditors due within one year	-	(465,716)	-	(465,716)
Creditors due in more than one year	-	(62,551)	-	(62,551)
Provisions for liabilities and charges	-	(2,946,000)	-	(2,946,000)
Total	<u>1,811,385</u>	<u>(4,157,248)</u>	<u>19,663,390</u>	<u>17,317,527</u>

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NOTES TO THE FINANCIAL STATEMENTS
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22. Reconciliation of net expenditure to net cash flow from operating activities

	2021 £	2020 £
Net expenditure for the year (as per Statement of financial activities)	(540,337)	(1,023,083)
Adjustments for:		
Depreciation	310,765	300,451
Interest receivable	(225)	(2,039)
Defined benefit pension scheme cost less contributions payable	577,000	608,000
Defined benefit pension scheme finance cost	48,000	35,000
Increase in stocks	(1,082)	(1,592)
Decrease/(increase) in debtors	48,198	(56,454)
(Decrease)/increase in creditors	(7,810)	59,234
Defined benefit pension scheme administrative costs	5,000	-
Net cash provided by/(used in) operating activities	439,509	(80,483)

23. Cash flows from financing activities

	2021 £	2020 £
Repayments of borrowing	(9,732)	(954)
Net cash used in financing activities	(9,732)	(954)

24. Cash flows from investing activities

	2021 £	2020 £
Dividends, interest and rents from investments	225	2,039
Purchase of tangible fixed assets	(135,769)	(34,717)
Net cash used in investing activities	(135,544)	(32,678)

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25. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand and at bank	1,032,337	738,104
Total cash and cash equivalents	1,032,337	738,104

26. Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	738,104	294,233	1,032,337
Debt due within 1 year	(9,770)	1	(9,769)
Debt due after 1 year	(62,551)	9,731	(52,820)
	665,783	303,965	969,748

27. Pension commitments

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

Contributions amounting to £163,787 were payable to the schemes at 31 August 2021 (2020 - £152,222) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for 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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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 £1,146,108 (2020 - £1,076,916).

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 Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £304,000 (2020 - £323,000), of which employer's contributions totalled £205,000 (2020 - £221,000) and employees' contributions totalled £ 99,000 (2020 - £102,000). The agreed contribution rates for future years are 11.7 per cent for employers and 6.5 per cent for employees.

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

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27. Pension commitments (continued)

Principal actuarial assumptions

	2021	2020
	%	%
Rate of increase in salaries	2.9	2.2
Rate of increase for pensions in payment/inflation	2.9	2.2
Discount rate for scheme liabilities	1.65	1.7

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

	2021	2020
	Years	Years
<i>Retiring today</i>		
Males	21.2	21.6
Females	23.7	23.9
<i>Retiring in 20 years</i>		
Males	22.0	22.5
Females	25.1	25.3

Sensitivity analysis

	2021	2020
	£000	£000
Real discount rate -0.5%	925	996
CPI rate +0.5%	924	924
Salary increase rate +0.5%	904	58

Share of scheme assets

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

	2021	2020
	£	£
Equities	4,983,000	4,166,000
Corporate bonds	1,086,000	957,000
Property	482,000	450,000
Cash and other liquid assets	120,000	56,000
Total market value of assets	6,671,000	5,629,000

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27. Pension commitments (continued)

The actual return on scheme assets was £822,000 (2020 - £51,000).

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

	2021 £	2020 £
Current service cost	(782,000)	(829,000)
Administration expenses	(5,000)	-
Interest income	98,000	102,000
Interest cost	(146,000)	(137,000)
Total amount recognised in the Statement of financial activities	(835,000)	(864,000)

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

	2021 £	2020 £
At 1 September	8,575,000	7,165,000
Current service cost	782,000	829,000
Interest cost	146,000	137,000
Employee contributions	99,000	102,000
Actuarial losses	1,224,000	436,000
Benefits paid	(79,000)	(94,000)
At 31 August	10,747,000	8,575,000

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

	2021 £	2020 £
At 1 September	5,629,000	5,559,000
Interest income	98,000	102,000
Actuarial gains/(losses)	724,000	(261,000)
Employer contributions	205,000	221,000
Employee contributions	99,000	102,000
Benefits paid	(79,000)	(94,000)
Administration expenses	(5,000)	-
At 31 August	6,671,000	5,629,000

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28. Operating lease commitments

At 31 August 2021 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £	2020 £
Not later than 1 year	11,990	11,990
Later than 1 year and not later than 5 years	12,122	24,112
	<u>24,112</u>	<u>36,102</u>

29. 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.

30. Related party transactions

Owing to the nature of the Academy Trust 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 Trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Mrs Reynard, spouse of J Reynard, Head teacher of Ocklynge Junior School and Mr S Comfort, spouse of T Comfort, the Executive Business Manager are employed by the academy. All appointments were made in open conditions and J Reynard and T Comfort were not involved in the decision-making process regarding appointment. They are paid within the normal pay scale for their roles and they receive no special treatment as a result of their relationship to a trustee or member of the key management personnel.