

**THE CLAXTON TRUST**  
**(A Company Limited by Guarantee)**  
**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

**THE CLAXTON TRUST**  
**(A Company Limited by Guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**

<b>Members</b>	Mr T Day Mrs C Kemp Mr R Sachse (resigned 31 December 2019) Mr R Shamtally Mrs H Yendell (resigned 10 July 2020) Mr A Hayes (appointed 13 March 2020) Mrs C Peacock (appointed 1 September 2020)
<b>Trustees</b>	Mrs C Kemp, Chair of Trustees Mr G Rumsey Mr R Staples, CEO Mrs E Flawn, Vice CEO Mrs G Louch Mrs D Pepe Mrs H Yendell, Vice Chair of Trustees Mrs C Peacock (appointed 1 September 2020)
<b>Company registered number</b>	10461895
<b>Company name</b>	The Claxton Trust
<b>Principal and registered office</b>	Fairlands Primary School Pound Avenue Stevenage Hertfordshire SG1 3JA
<b>Company Secretary</b>	Mrs J Wibberley-Young
<b>Chief Executive Officer</b>	Mr R Staples
<b>Senior Management Team</b>	Mr R Staples, CEO/ Headteacher of Fairlands Primary School Mrs E Flawn, Vice CEO/ Headteacher of Camps Hill Primary School Mrs J Wibberley-Young, Chief Financial Officer (CFO) Mrs J Johnson, Vice Chief Financial Officer (VCFO)
<b>Independent Auditors</b>	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
<b>Bankers</b>	Lloyds Bank PLC 3 Town Square Stevenage SG1 1BG

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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)**  
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**Solicitors**

Stone King LLP  
1 Aire Street  
Leeds  
LS1 4PR

**THE CLAXTON TRUST**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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The Trustees present their Annual Report together with the financial statements and Auditor's Report of The Claxton Trust (the Trust or the Charitable Company) for the year ended 31 August 2020. The Annual Report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates two academy schools serving a catchment area in Stevenage. The Schools have a combined capacity of 1,240 and had a roll of 1,175 in the autumn 2019 census.

**Structure, governance and management**

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum and Articles of Association are its primary governing documents. The Trustees of the Charitable Company are also the Directors for the purposes of company law. The terms 'Trustee' and 'Director' are interchangeable. The Charitable Company includes the following Academies (Schools):

- Camps Hill Primary School (converted 01 April 2017)
- Fairlands Primary School (converted 01 April 2017)

The operation of the Trust's Academies and employment of staff are the responsibility of the Trustees. The Board of Trustees retains control of Academy budgets and finances, and monitors these through its Finance and Audit Committee. Throughout this report, the Board of Trustees is referred to as the Board. Each Academy has appointed a Local Governing Body (LGB) who have delegated authority to administer their Academy within agreed budgets.

Details of the Trustees who served throughout the period are included in the reference and administrative details section. Within this Report, the term Trustee refers to a member of the Board and the term Governor to a member of an LGB. Details of the Trustees who served during the year are included in the reference and administrative details section.

**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.

**Trustees and Officers' indemnities**

In accordance with normal commercial practice the Trust is a member of the Department for Education risk protection arrangement (RPA) and thus has arrangements to protect Trustees, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. Membership provides for unlimited cover on any one claim.

**Method of recruitment and appointment or election of trustees**

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

In accordance with the Articles of Association, the Trust has the following trustees:

- up to 5 member-appointed Trustees.
- 2 Academy Trustees.
- the Chief Executive Officer.
- the Vice Chief Executive Officer.

There are no Parent Trustees as provision has been made for Parent Governors at each Academy.

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Trustees are appointed for a fixed term. The Chief Executive Officer (CEO) and the Vice Chief Executive Officer (VCEO) are ex officio members of the Board. Other Trustees are elected to office or appointed if there are insufficient candidates offering themselves for election.

**Policies and procedures adopted for the induction and training of Trustees and Governors**

The Trust is committed to providing adequate opportunities for Trustees and Governors to undertake and receive suitable training to enable them to perform their role effectively. To this end, the Trust links with local training providers. New Trustees and Governors are required to complete an induction programme as detailed in the Trust induction policy, including provision of policy and procedure documents that are appropriate to the role they undertake.

**Organisational structure**

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

The Board meets on at least three occasions per year and its subcommittee, the Audit and Finance Committee, will meet at least three times per year. The Board is responsible for the strategic direction of the Trust. The Trustees are responsible for setting strategic policy, adopting an annual plan and budget, monitoring the Trust using those budgets, managing risk and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments.

The Governors are responsible for implementing strategic policy, ensuring the appropriateness of annual budgets and capital expenditure projects for their Academy and monitoring performance against that budget and authorised capital limits.

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

The Headteacher Strategic Group (HTSG) looks across the Trust and aligns local SLT and LGB activity with the strategic aims of the Trust.

The Trust's CEO is the Accounting Officer.

**Arrangements for setting pay and remuneration of key management personnel**

Key management personnel, are those persons having authority and responsibility for planning, directing and controlling the activities of a reporting entity, directly or indirectly, including any Trustee (whether executive or otherwise) and include:

- all Trustees, who receive no pay or remuneration in respect of their roles, unless they are ex-officio trustees.
- CEO - ex-officio Trustee
- VCEO - ex-officio Trustee
- Headteachers within the HTSG
- CFO
- VCFO

The CEO and VCEO are also the Headteachers in each Academy. Their pay as Headteachers is set with regard to their individual responsibilities, performance against objectives set the previous year, the academy group size, and individual school range as set out in the School Teachers' Pay and Conditions Document (STPCD). They are also paid an allowance, set annually by the Board within the Trust pay policy, for their additional CEO/VCEO responsibilities.

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The CFO, the VCFO and Headteachers who sit on the HTSG receive remuneration for their role as staff and their pay is determined in the same way as applicable to all other staff as set out in the approved pay policy, which is reviewed annually. Where applicable, this is based on the STPCD; performance against objectives; pay scales for each role; and the level of experience of each staff member. In addition, pay levels may be affected by nationally agreed pay awards; and the ability to recruit and retain in post, in accordance with the trust's appointment and pay policies.

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

**Trade Union Facility Time**

There were no payments or time allocated to Trade Union Facility Time during 2019/20.

**Related parties and other connected charities and organisations**

Owing to the nature of the Trust's operations and the composition of the Board being drawn from local public and private sector organisations, it is inevitable that from time to time transactions will take place with organisations in which Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procedures. Any transaction where a Trustee may have a pecuniary interest is only undertaken in accordance with the 'at cost' principle described in the Academies Financial Handbook. Such transactions are also reported to the ESFA in line with the Academies Financial Handbook, and approval sought for any transactions exceeding £20,000.

During 2019-20, the ESFA would not approve transactions between the Trust and Herts for Learning, a local not for profit organisation providing a range of school improvement services. The ESFA deemed Herts for Learning to be a related party because the Accounting Officer had been elected as a Non-Executive Director of Herts for Learning. Following the ESFA's decision, the Accounting Officer decided to step down from his position representing primary schools across Hertfordshire at Herts for Learning with immediate effect.

**Objects and aims**

The principal object and aim of the Charitable Company is the operation of two Academies to provide free education and care for pupils of different abilities within its local community between the ages of 2 and 11. Childcare provision is also provided at cost in a separately registered provision for children between the ages of 0 and 2.

The core values of the Trust, which were reviewed during 2019-20, are:

- Inspiration
- Collaboration
- Inclusion
- Resilience

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**TRUSTEES' REPORT (CONTINUED)**  
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**Objectives, strategies and activities**

The main objectives for the Trust and the strategies to achieve them, during the last financial year were:

Building for better futures by:

- All children accessing a good or better School
- All Schools setting a balanced three-year budget.
- All Schools sustaining pupil numbers and all year groups will be full.
- Staff attendance being maintained above 95% in all Schools.

Our children will lead happy and fulfilling lives by:

- 100% of good or better teaching. 0% of inadequate teaching.
- A minimum of 95% of pupils and parents recommending their School.
- Ensuring that the proportion of children achieving expected standards will be at or above national average at all key stages.
- All Schools promoting a therapeutic approach to behaviour management.
- Attendance data being at or above the national average.
- All Schools offering targeted support for social, emotional and mental health needs.

Growing a collaborative community by:

- Every stakeholder engaging in experiences across the Trust.
- School to School support being used for trust growth.
- All stakeholders engaging in inspiration through collaboration.
- All Schools showing examples of great practice across and beyond the Trust.

Extending the boundaries of learning by:

- All Schools working beyond the trust to strengthen wider partnerships.
- All Schools reviewing annually, the provision for disadvantaged children and SEND.
- 100% of staff accessing focused professional development opportunities.
- All Schools designing an individual curriculum to meet local need, which also reflects the shared values and ethos of the Trust.

**Public benefit**

The Trustees believe that by working towards the objects and aims of the Trust as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

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**Strategic report**

**Achievements and performance**

The Trust has made good progress against its main objectives and work continues towards these into the next academic year.

Specific achievements were as follows:

- all Schools provided uninterrupted provision to pupils throughout the COVID-19 pandemic, through a combination of on-site and home learning, with a particular focus on the most vulnerable pupils to ensure safeguarding and wellbeing.
- the Trust was able to use a proportion of its reserves to provide free or subsidised services to families throughout lockdown, including extended provision for the children of key workers and free school meals for all children attending school;
- the four pillars were introduced to outline the core values of the Trust;
- one professional Clerk has been appointed to support all levels of governance, ensuring consistency and continuity between The Board and its Committees;
- the Audit and Finance Committee have reviewed their terms of reference, taking on increased delegated responsibility for assurance over the suitability of, and compliance with, the Trust's financial systems and operational controls;
- the Trust opened a baby room, providing provision for children between 3 months and 2 years of age;
- the Trust's approach to Risk Management has been revised to ensure that Trustees and Governors identify and manage key risks pertinent to the overall success of the Trust;
- the Trust began to roll out a revised approach to performance management;
- robust financial procedures and processes for internal control have now been embedded and internal scrutiny has been strengthened;
- top slicing was introduced to provide core central services for the Trust, which will be further expanded in the next financial year;
- a new relationships, sex and health education curriculum was introduced in all Schools following consultation with parents;
- professional development opportunities have been provided across the Trust to improve quality of provision;
- there was significant investment in capital across all Schools to support infrastructure;
- professional and administrative teams were reorganised in order to strengthen central financial provision;
- key policies continue to ensure compliance and consistency across the Trust;
- none of the Schools in the Trust would be deemed to be coasting.

**Key performance indicators**

The Trustees receive regular information at each committee meeting to enable them to monitor the performance of the Trust compared to aims, strategies and financial budgets.

All Schools must set a three-year balanced budget to ensure medium term financial stability across the Trust.

As funding is based on pupil numbers this is a key performance indicator. Total pupil numbers at the end of the financial year were 1,181 against a forecast of 1,135.

Another key financial performance indicator is staffing costs as a percentage of total recurrent grant income. For 2019/20 this was between 93-97% against set parameters of 75-80%. The Trustees are aware of this differential and monitor staffing costs closely, alongside other income sources, to proactively manage any associated risks and take action to prevent a deficit budget.

The Finance and Audit Committee also monitor the management accounts and cash flow on a regular basis to ensure that the budget is set and managed appropriately.

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**TRUSTEES' REPORT (CONTINUED)**  
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**Going Concern**

After making appropriate enquiries, the Trustees have a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues 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 statement of accounting policies.

**Financial Review**

The principal source of funding for the Trust is the General Annual Grant (GAG) and other grants that it receives from the Education, Skills and Funding Agency (ESFA).

For the period ended 31 August 2020, the Trust received:

- £4,561,472 of GAG and other ESFA funding.
- £1,083,266 in other income, including from lettings, donations, fundraising and grants from other sources.
- £265,020 in capital income.

COVID-19 had a significant impact on other income during quarters 3 and 4, with a reduction in income of circa £128,000, mostly due to cancelled lettings and reduced income for extended provision, school meals and trips. A high percentage of the income was spent on salaries and non-capital costs to deliver the Trust's primary objective of the provision of education. During the year, the trust spent £6,069,558 on such expenditure.

An additional £112,590 was transferred from unrestricted funds to support capital new build and improvement projects on the various Academy sites.

The carry forward for 2019/20 is £14,758,254 restricted funding and £443,324 unrestricted funding.

Due to the accounting rules for the Local Government Pension Scheme (LGPS) under FRS102, the Trust is recognising a significant pension fund deficit of £2,769,000 which has not been included in the restricted carry forward figure. This does not mean that an immediate liability for this amount crystallises and such a deficit generally results in a cash flow effect in the form of increased employer contributions over subsequent years.

**Reserves Policy**

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

The Trust's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £443,324. This has been built up from locally raised income.

The Trustees made a decision to designate unrestricted balances of £100,000 to capital projects during 2019-20, and is holding other unrestricted funds of £20,000 to cover future increases in costs and expenditure that may arise from uninsurable losses. The trust also holds £20,000 for in year contingencies and always plans to have a carry forward of between 1% and 2% to assist in making strategic decisions to keep in line with national funding changes and curriculum needs.

The Trust's balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds at 31 August 2020 was £475,690.

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The cash balance of the Trust has been very healthy all year, ending the year with a balance of £562,480. A significant proportion of this cash is held against specific projects and is not available to meet normal recurring expenditure. The Trustees monitor cash flow as part of the Audit and Finance Committee and attempt to hold a minimum of £150,000 to cover short term cash flow variances.

**Investment policy**

An investments policy was approved by the Board in July 2019, and reviewed in July 2020. The aim of the policy is to ensure funds that the Trust does not immediately need to cover anticipated expenditure are invested to maximise its income but with minimal risk. The aim is to research where funds may be deposited applying prudence in ensuring there is minimum risk. Both Academies have chosen not to invest their cash balances to ensure that bank accounts had sufficient cash flow to sustain day to day business.

**Principal risks and uncertainties**

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

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

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

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

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

- each Academy has considerable reliance on continued Government funding through the ESFA and there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms;
- failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Trust's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. the Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks;
- reputational - the continuing success of the individual Academies is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk, Trustees ensure that student progress and outcomes are closely monitored and reviewed;
- safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline;
- staffing - the success of the Academies is reliant on the quality of its staff and the Trustees monitor and review policies and procedures and recruitment to ensure continued development and training of staff as well as ensuring there is clear succession planning;
- fraud and mismanagement of funds – the Trust has appointed an experienced Board Member to carry out independent and external checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep up to date with financial practice requirements and develop their skills in this area;

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- financial instruments – the Trust only deals with bank balances, cash and trade creditors, with limited trade (and other) debtors. The risk in this area is considered to be low; and
- defined benefit pension liability – as the Government has agreed to meet the defined benefit pension liability of any academy ceasing to exist the main risk to the Trust is an annual cash flow funding of part of the deficit. Trustees take these payments into account when setting the annual budget plan.

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

### **Fundraising**

The Trust only held small fundraising events during the year including Christmas fetes, community events and non uniform days. The Trust does not work with professional fundraisers or companies who carry out fundraising on its behalf. During the year no complaints or issues have arisen as a result of the fundraising events.

### **Plans for future periods**

Academies' plans are set out in their respective school development plans for 2020-2021.

The main Trust priorities for the future, as agreed by the Trustees, are as follows:

#### **Building for better futures**

- ensuring a safe and positive transition back to school
- leading and managing COVID secure workplaces and learning environments
- sustaining accountability for school improvement

#### **Our children will lead happy and fulfilling lives**

- engaging and energising positive, resilient learners
- establishing coherent approaches to catch up and curriculum recovery
- establishing sustainable approaches to remote and blended learning

#### **Growing a collaborative community**

- building on strengthened partnerships with parents and carers
- sustaining safe and meaningful partnerships with other schools, agencies, providers and services
- supporting our BAME community to excel

#### **Extending the boundaries of learning**

- sustaining inspiring and enriching learning experiences
- exploiting technology to bring us together

The Trust will also further centralise the finance function over the coming year.

### **Funds held as custodian trustee on behalf of others**

There are no funds held as a custodian Trustee on behalf of others.

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**TRUSTEES' REPORT (CONTINUED)**  
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**Auditor**

As far as the Trustees are aware:

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

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 16 December 2020 and signed on its behalf by:

**Mrs C Kemp**  
Chair of Trustees

**THE CLAXTON TRUST**  
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**GOVERNANCE STATEMENT**

**Scope of responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that The Claxton 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 CEO, 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 The Claxton Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met four times during the year. The Board met fewer than six times during the year. The Board is satisfied that through the use of sub-committees it maintains effective oversight.

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

Trustee	Meetings attended	Out of a possible
Mrs C Kemp, Chair of Trustees	3	4
Mr G Rumsey	3	4
Mr R Staples, CEO	4	4
Mrs E Flawn, Vice CEO	4	4
Mrs G Louch	2	4
Mrs D Pepe	0	4
Mrs H Yendell, Vice Chair of Trustees	2	4
Mrs C Peacock	0	0

**Review of year**

During 2019-20, Claire Peacock was appointed to the Board, having taken on the role of Chair of the Local Governing Body at Fairlands Primary School. The members also appointed Hayley Yendell to the Board for an additional term, ensuring all vacancies are filled. The Board of Trustees and its committees have a wide variety of skills and experience, ensuring they are able to fulfil their duties as outlined in the Academies Financial Handbook.

The Finance and Audit Committee terms of reference were also updated during the autumn term to provide the Committee greater delegated authority for assurance over the suitability of, and compliance with, the Trust's financial systems and operational controls, including internal scrutiny. The chair of the Committee reports to the Board at least once per term. The CFO also provides a finance report to the Trustees at each Board meeting.

A programme of visits, supported by an external consultant, was undertaken to review the Trust's capacity to support school improvement. This identified key strengths around pedagogy and curriculum; and a future focus on recruiting, developing and retaining talent.

Risk management was another key focus during the year. The risk register was streamlined to highlight the risks most pertinent to the Trust's success. These key risks now inform the agenda for meetings across the Trust and all committees contribute to their management, with the Board retaining overall oversight.

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**GOVERNANCE STATEMENT (CONTINUED)**

**Governance (continued)**

The COVID-19 pandemic presented a particular challenge to the Board this year, however the timetable of business governance was adhered to despite a requirement for meetings to take place online from mid-March onwards. The Board and its committees remained informed throughout this period and were able to make key decisions as required. A replacement Clerk was sought to cover meetings where necessary, and internal scrutiny visits ensured that key financial controls remained in place throughout the period of lockdown and beyond.

The Board receives high quality data from a number of sources, including reports from the CEO team and the CFO. The Board ensures adequate checks are in place to verify the quality of data received through the appointment of an external consultant to verify educational data and by undertaking a programme of internal scrutiny to verify financial information.

The Board conducts an annual skills audit to ensure that trustees have the skills and experience required to fulfil their duties. This is supported by an annual internal review of effectiveness, which took place during the summer term.

The latest governance review identified significant areas of strength. Areas for development included clarifying the code of conduct for Trustees; and strengthening analysis of progression and destination data to understand where young people are moving on to after leaving the organisation.

The Finance and Audit Committee take delegated responsibility for financial oversight, including monthly review of management accounts, and report any concerns to the Board. The Chair of the Board also receives the management accounts monthly.

The Finance and Audit Committee is also a sub-committee of the main Board of Trustees. Its purpose is to:

- fulfil the Trust's responsibilities as set out in the Academies Financial Handbook and ensure compliance with the Funding Agreement and with the Secretary of State for Education.
- take responsibility for monitoring the suitability and effectiveness of the Trust's systems of internal control, including an annual review of the internal control framework.
- ensure compliance with the internal control framework through a programme of internal scrutiny, including an annual internal audit and termly Internal Scrutinies visits.
- commission external audit on behalf of the Board.
- receive the reports from external audit, internal scrutiny visits and any regulatory other bodies and consider any issues raised, agreeing a management response and action plans.
- monitor, within an agreed timescale, the implementation of agreed actions and recommendations relating to internal scrutiny reports, and the external Auditor's management letter.
- prepare a recommended Trust budget for Board approval, including income and expenditure and cash forecasts.
- approve orders and payments for centralised expenditure in line with scheme of delegation.
- receive monthly management accounts and scrutinise the financial position and ensure ongoing viability
- oversee submissions to the DfE and ESFA that affect funding, including census and capital returns, and ensuring time submission of financial and company returns
- review the Trust Risk Register termly and preparing an annual review of risk for the Board
- oversee the Trust's approach to efficiency and effectiveness (value for money).
- oversee the development and implementation of policies relating to financial management.

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**GOVERNANCE STATEMENT (CONTINUED)**

**Governance (continued)**

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Gordon Rumsey	5	5
Claire Peacock	5	5
Minash Khambhaita	2	4
Robert Staples	4	5

**Review of value for money**

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

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

- introducing a top slice mechanism to provide core central services for Schools within the Trust;
- reorganisation of finance and business support roles; and
- strengthening tendering processes for capital projects.

In line with PPN 02/20 and PPN 04/20, the Trust maintained a position that it was value for money and important to business continuity to pay suppliers during the lockdown period regardless of whether we were able to reconcile services received at a later stage. This ensured continuity of services when they were able to resume. Within this arrangement, the Trust continued to seek best value where possible. For example, during the lockdown period schools continued to pay the catering provider an annual service charge and the average number of free school meals taken during the first half of the year, even though schools were closed to most pupils. To ensure best value, the school provided free meals to children of all key workers and to as many vulnerable pupils as possible, as well as to staff present in schools as key workers. The Trust also ceased charging management fees to external pre-school providers who had reduce their capacity during lockdown to ensure the long-term viability of the provision.

**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 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 The Claxton Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the Annual Report and financial statements.

**Capacity to handle risk**

The Board of Trustees has reviewed the key risks to which the 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 Trust's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the Annual Report and financial statements. This process is regularly reviewed by the Board of Trustees.

**THE CLAXTON TRUST**  
**(A Company Limited by Guarantee)**

**GOVERNANCE STATEMENT (CONTINUED)**

**The risk and control framework**

The 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 Finance and General Purposes Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines; and
- identification and management of risks.

The Trust carries out a comprehensive programme of internal scrutiny to provide assurance to the Board that the financial and non-financial controls are operating effectively. The Finance and Audit Committee determine the focus of internal scrutiny annually, on a risk-basis.

This programme of activity includes:

**Internal Scrutineer**

The Board of Trustees have appointed Claire Peacock, a volunteer Trustee with appropriate experience and expertise, to carry out a programme of internal checks termly.

This year, these visits focused on:

- the introduction of a booking and pre-payment system for extended provision;
- debt management procedures;
- review of internal controls during COVID-19 pandemic.

The results of these visits have been reported to the Finance and Audit Committee.

**Termly financial checklist**

The Accounting Officer conducts a termly financial checklist in each Academy, with the Headteacher, finance manager, Internal Scrutineer and CFO to ensure regularity, propriety and compliance with the Trust's internal control framework and Scheme of Delegation. The Internal Scrutineer reports outcome back to the Finance and Audit Committee.

**Internal audit**

The Board has considered the need for a specific internal audit function and has decided to appoint Herts for Learning as Internal Auditor.

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

- a review of the Trust's risk management policy and processes;
- a review of the Trust's business continuity plans and procedures;
- new starter processes from appointment to payroll;
- leaver processes from resignation to removal from payroll;
- processes for checking monthly payroll reports for accuracy and reconciling.

As work is completed the Internal Auditor reports their findings to the Board, through the Finance and Audit

**THE CLAXTON TRUST**  
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**GOVERNANCE STATEMENT (CONTINUED)**

**The risk and control framework (continued)**

Committee on the operation of the systems of control and on the discharge of the Board's financial responsibilities. The Internal Auditor prepares an annual summary report to the Committee outlining the areas reviewed, key findings, recommendations and conclusions to help the Committee consider actions and assess year on year progress.

There were no material control issues arising as a result of the work described above.

This year the scope of internal audit had to be reduced due to restrictions and delays caused by the COVID-19 pandemic. The Finance and Audit Committee identified three additional areas of work, which will now be completed during 2020-21:

- debt management and recovery;
- cash handling and management;
- procurement including related party transactions.

**Review of effectiveness**

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

- the work of the Internal Scrutineer;
- the work of the external Auditors;
- the work of the executive managers within the 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 Finance and Audit Committee 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 and signed on their behalf by:

**Mrs C Kemp**  
Chair of Trustees  
Date: 16 December 2020

**Mr R Staples**  
Accounting Officer

**THE CLAXTON TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As Accounting Officer of The Claxton Trust I have considered my responsibility to notify the 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 Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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

The Trust received services at arms' length from Herts for Learning Limited, a company of which one Trustee is a Director with responsibility for the management of Herts for Learning's business. These transactions were undertaken in accordance with our normal procurement procedures on the basis of achieving value for money for the Trust but were not approved in advance by the ESFA as required by paragraph 5.41 of the Academies Financial Handbook 2019. The total of these transactions were £30,086 for 2020. As the Trustee in question, I have since resigned as a Director of Herts for Learning Limited. The Trust intends to continue using the supplier.

**Mr R Staples**  
Accounting Officer  
Date: 16 December 2020

**THE CLAXTON TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

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

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

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

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

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

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

Approved by order of the members of the Board of Trustees on 16 December 2020 and signed on its behalf by:

**Mrs C Kemp**  
Chair of Trustees

**THE CLAXTON TRUST**  
**(A Company Limited by Guarantee)**

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

**Opinion**

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

In our opinion the financial statements:

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

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our Report. We are independent of the 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**

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

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

**THE CLAXTON TRUST**  
**(A Company Limited by Guarantee)**

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

**Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report, the Governance Statement and the Accounting Officer's Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

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

In the light of our knowledge and understanding of the 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.

**THE CLAXTON TRUST**  
**(A Company Limited by Guarantee)**

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

**Responsibilities of trustees**

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

In preparing the financial statements, the Trustees are responsible for assessing the 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Use of our report**

This Report is made solely to the 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 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 Trust and its Members, as a body, for our audit work, for this Report, or for the opinions we have formed.

**Gary Miller (Senior Statutory Auditor)**

for and on behalf of  
**Price Bailey LLP**  
Chartered Accountants  
Statutory Auditors  
Causeway House

1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT

16 December 2020

**THE CLAXTON TRUST**  
**(A Company Limited by Guarantee)**

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

In accordance with the terms of our engagement letter dated 26 October 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Claxton Trust during the year 1 September 201 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of The Claxton Trust's Accounting Officer and the Reporting Accountant**

The accounting officer is responsible, under the requirements of The Claxton Trust's funding agreement with the Secretary of State for Education dated 1 April 2017 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 201 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**THE CLAXTON TRUST**  
**(A Company Limited by Guarantee)**

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

**Approach**

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

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

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

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

- An assessment of the risk of material irregularity, impropriety and non-compliance
- Consideration and corroboration of the evidence supporting the Accounting Officer's statement on regularity, propriety and compliance and how the Trust complies with the framework of authorities.
- Evaluation of the general control environment of the Trust, extending the procedures required for financial statements to include regularity, propriety and compliance
- Discussions with and representations from the Accounting Officer and other key management personnel.
- An extension of substantive testing from our audit of the financial statements to cover matters pertaining to regularity, in order to support the regularity conclusion, including governance, internal controls, procurement and the application of income.

**Conclusion**

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

Matters found during the course of our work:

The Trust received services at arms' length from Herts for Learning Limited, a company of which one Trustee is a Director with responsibility for the management of Herts for Learning's business. These transactions were undertaken in accordance with the Trust's normal procurement procedures on the basis of achieving value for money for the Trust but were not approved in advance by the ESFA as required by paragraph 5.41 of the Academies Financial Handbook 2019. The total of these transactions were £30,086 for 2020. The Trustee in question has since resigned as a Director of Herts for Learning Limited. The Trust intends to continue using the supplier.

Reporting Accountant  
**Price Bailey LLP**  
Chartered Accountants  
Statutory Auditors

Date: 16 December 2020

**THE CLAXTON TRUST**  
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
<b>Income from:</b>						
Donations and capital grants	3	-	30,784	265,020	295,804	128,306
Charitable activities	4	51,897	5,365,525	-	5,417,422	5,157,756
Other trading activities	5	196,079	-	-	196,079	250,095
Investments	6	453	-	-	453	1,560
<b>Total income</b>		<u>248,429</u>	<u>5,396,309</u>	<u>265,020</u>	<u>5,909,758</u>	<u>5,537,717</u>
<b>Expenditure on:</b>						
Charitable activities	7	343,615	5,725,943	543,042	6,612,600	6,038,703
<b>Total expenditure</b>		<u>343,615</u>	<u>5,725,943</u>	<u>543,042</u>	<u>6,612,600</u>	<u>6,038,703</u>
<b>Net income/ (expenditure)</b>		<u>(95,186)</u>	<u>(329,634)</u>	<u>(278,022)</u>	<u>(702,842)</u>	<u>(500,986)</u>
Transfers between funds	19	(112,590)	-	112,590	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<u>(207,776)</u>	<u>(329,634)</u>	<u>(165,432)</u>	<u>(702,842)</u>	<u>(500,986)</u>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	25	-	(321,000)	-	(321,000)	(723,000)
<b>Net movement in funds</b>		<u>(207,776)</u>	<u>(650,634)</u>	<u>(165,432)</u>	<u>(1,023,842)</u>	<u>(1,223,986)</u>
<b>Reconciliation of funds:</b>						
Total funds brought forward		651,100	(2,086,000)	14,891,319	13,456,419	14,680,405
Net movement in funds		(207,776)	(650,634)	(165,432)	(1,023,842)	(1,223,986)
<b>Total funds carried forward</b>		<u>443,324</u>	<u>(2,736,634)</u>	<u>14,725,887</u>	<u>12,432,577</u>	<u>13,456,419</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 27 to 54 form part of these financial statements.

**THE CLAXTON TRUST**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 10461895**

**BALANCE SHEET**  
**AS AT 31 AUGUST 2020**

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Tangible assets	15	14,718,025	14,891,319
		14,718,025	14,891,319
<b>Current assets</b>			
Debtors	16	603,790	250,879
Cash at bank and in hand		562,480	813,224
		1,166,270	1,064,103
Creditors: amounts falling due within one year	17	(662,673)	(413,003)
		503,597	651,100
<b>Net current assets</b>		503,597	651,100
<b>Total assets less current liabilities</b>		15,221,622	15,542,419
Provisions for liabilities		(20,045)	-
<b>Net assets excluding pension liability</b>		15,201,577	15,542,419
Defined benefit pension scheme liability	25	(2,769,000)	(2,086,000)
<b>Total net assets</b>		12,432,577	13,456,419
<b>Funds of the Trust</b>			
<b>Restricted funds:</b>			
Fixed asset funds	19	14,725,887	14,891,319
Restricted income funds	19	32,366	-
		14,758,253	14,891,319
Restricted funds excluding pension liability	19	14,758,253	14,891,319
Pension reserve	19	(2,769,000)	(2,086,000)
		11,989,253	12,805,319
<b>Total restricted funds</b>	19	11,989,253	12,805,319
<b>Unrestricted income funds</b>	19	443,324	651,100
		12,432,577	13,456,419
<b>Total funds</b>		12,432,577	13,456,419

The financial statements on pages 24 to 54 were approved by the Trustees, and authorised for issue on 16 December 2020 and are signed on their behalf, by:

**Mrs C Kemp**  
Chair of Trustees

**THE CLAXTON TRUST**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2020**

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	21	(146,470)	338,915
<b>Cash flows from investing activities</b>	22	(104,274)	(295,220)
<b>Change in cash and cash equivalents in the year</b>		(250,744)	43,695
Cash and cash equivalents at the beginning of the year		813,224	769,529
<b>Cash and cash equivalents at the end of the year</b>	23, 24	<u>562,480</u>	<u>813,224</u>

**THE CLAXTON TRUST**  
**(A Company Limited by Guarantee)**

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

**1. Accounting policies**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

**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 Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Following the year end the Trust has been affected to a limited extent by restrictions imposed by the UK Government in response to the COVID-19 pandemic. The Trust derives the majority of its income from local and national government grant funding which is secured for a number of years, under the terms of the Academy Funding Agreement with the Secretary of State for Education. This will ensure that the Trust can continue operating for a period of at least 12 months following the date of this Report. The financial statements do not contain any adjustments that would be required if the Trust were not able to continue as a going concern.

**THE CLAXTON TRUST**  
**(A Company Limited by Guarantee)**

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

**1. Accounting policies (continued)**

**1.3 Income**

All incoming resources are recognised when the 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 period it is receivable and to the extent the 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.

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Interest receivable**

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

**THE CLAXTON TRUST**  
**(A Company Limited by Guarantee)**

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

**1. Accounting policies (continued)**

**1.6 Tangible fixed assets**

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

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

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

Depreciation is provided on the following bases:

Long term leasehold property	- 20 - 50 years
Long term leasehold land	- 125 years
Furniture and equipment	- 10 years
Computer equipment	- 5 years

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

**1.7 Debtors**

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

**1.8 Cash at bank and in hand**

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

**1.9 Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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.

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

**1. Accounting policies (continued)**

**1.10 Provisions**

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

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

**1.11 Financial instruments**

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the 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 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 17. 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.

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

**1. Accounting policies (continued)**

**1.12 Pensions**

Retirement benefits to employees of the 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 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 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.

**1.13 Fund accounting**

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

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

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

**2. Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

The Trustees make 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 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 May 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**3. Income from donations and capital grants**

	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Donations	30,784	-	30,784
Capital grants	-	265,020	265,020
<b>Total 2020</b>	<u>30,784</u>	<u>265,020</u>	<u>295,804</u>
	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Donations	66,765	-	66,765
Capital grants	-	61,541	61,541
<b>Total 2019</b>	<u>66,765</u>	<u>61,541</u>	<u>128,306</u>

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

**4. Funding for the Trust's provision of education**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
<b>DfE/ESFA grants</b>			
General Annual Grant (GAG)	-	3,761,173	3,761,173
Exceptional Government funding	-	4,290	4,290
Other DfE/ESFA grants	-	796,009	796,009
	-	4,561,472	4,561,472
<b>Other Government grants</b>			
Local Authority grants	-	801,953	801,953
NCTL	-	2,100	2,100
	-	804,053	804,053
<b>Other funding</b>			
Catering income	51,897	-	51,897
<b>Total 2020</b>	<b>51,897</b>	<b>5,365,525</b>	<b>5,417,422</b>

The Claxton Trust has been eligible to claim additional funding in year from Government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional Government funding". The funding received for Fairlands School for coronavirus exceptional support covers £4,290 of FSM voucher costs. These costs are included in notes 7 and 9 below as appropriate.

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £
<b>DfE/ESFA grants</b>			
General Annual Grant (GAG)	-	3,625,204	3,625,204
Other DfE/ESFA grants	-	600,337	600,337
	-	4,225,541	4,225,541
<b>Other Government grants</b>			
Local Authority grants	-	848,224	848,224
NCTL	-	8,400	8,400
	-	856,624	856,624
<b>Other funding</b>			
Catering income	75,591	-	75,591
<b>Total 2019</b>	<b>75,591</b>	<b>5,082,165</b>	<b>5,157,756</b>

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

**5. Income from other trading activities**

	Unrestricted funds 2020 £	Total funds 2020 £
Hire of facilities	59,918	59,918
Other income	136,161	136,161
<b>Total 2020</b>	<u>196,079</u>	<u>196,079</u>

	Unrestricted funds 2019 £	Total funds 2019 £
Hire of facilities	61,358	61,358
Other income	188,737	188,737
<b>Total 2019</b>	<u>250,095</u>	<u>250,095</u>

**6. Investment income**

	Unrestricted funds 2020 £	Total funds 2020 £
Bank interest	453	453
	<u>453</u>	<u>453</u>

	Unrestricted funds 2019 £	Total funds 2019 £
Bank interest	1,560	1,560
	<u>1,560</u>	<u>1,560</u>

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

**7. Expenditure**

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £
Direct costs	4,165,152	-	215,365	4,380,517
Allocated support costs	958,056	249,981	1,024,046	2,232,083
<b>Total 2020</b>	<u><u>5,123,208</u></u>	<u><u>249,981</u></u>	<u><u>1,239,411</u></u>	<u><u>6,612,600</u></u>
	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Direct costs	3,693,705	-	229,414	3,923,119
Allocated support costs	812,295	271,250	1,032,039	2,115,584
<b>Total 2019</b>	<u><u>4,506,000</u></u>	<u><u>271,250</u></u>	<u><u>1,261,453</u></u>	<u><u>6,038,703</u></u>

In 2020, of the total expenditure, £343,615 (2019: £197,124) was from unrestricted funds, £5,725,943 (2019: £5,252,657) was from restricted funds and £543,042 (2019: £588,924) was from restricted fixed asset funds.

**8. Charitable activities**

	2020 £	2019 £
Direct costs	4,380,517	3,923,119
Support costs	2,232,083	2,115,584
	<u><u>6,612,600</u></u>	<u><u>6,038,703</u></u>

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

**9. Analysis of support costs**

	2020 £	2019 £
Support staff costs	958,056	812,295
Depreciation	543,042	531,067
Governance costs	12,514	14,998
Legal costs	30,075	35,558
Technology costs	77,196	72,024
Premises costs	249,981	248,539
Other support costs	361,219	401,103
<b>Total</b>	<b>2,232,083</b>	<b>2,115,584</b>

**10. Net expenditure**

Net expenditure for the year includes:

	2020 £	2019 £
Operating lease rentals	43,945	35,304
Depreciation of tangible fixed assets	543,042	531,067
Fees paid to Auditors for:		
- audit	7,050	6,583
- other services	4,900	4,760
	<b>7,950</b>	<b>11,343</b>

**11. Central Services**

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

- Audit costs
- IT Services

The Trust charges for these services on the basis of a topslice of 0.5% of GAG.

The actual amounts charged during the year were as follows:

	2020 £	2019 £
Fairlands Primary School	11,257	-
Camps Hill Primary School	7,688	-
<b>Total</b>	<b>18,945</b>	<b>-</b>

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

**12. Staff**

**a. Staff costs**

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	3,676,158	3,389,575
Social security costs	244,044	217,564
Pension costs	1,151,017	806,901
	<u>5,071,219</u>	<u>4,414,040</u>
Agency staff costs	51,989	91,960
	<u>5,123,208</u>	<u>4,506,000</u>

**b. Staff numbers**

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

	2020 No.	2019 No.
Teaching	62	51
Admin & Support	144	144
Management	4	4
	<u>210</u>	<u>199</u>

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**FOR THE YEAR ENDED 31 AUGUST 2020**

**12. Staff (continued)**

**c. Higher paid staff**

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

	2020	2019
	No.	No.
In the band £70,001 - £80,000	-	1
In the band £80,001 - £90,000	1	1
In the band £90,001 - £100,000	1	-
	1	-

**d. Key management personnel**

The key management personnel of the Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £362,968 (2019 £342,054).

**13. Trustees' remuneration and expenses**

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

		2020	2019
		£	£
Mr R Staples, CEO	Remuneration	90,000 - 95,000	85,000 - 90,000
	Pension contributions paid	20,000 - 25,000	10,000 - 15,000
Mrs E Flawn, Vice CEO	Remuneration	80,000 - 85,000	75,000 - 80,000
	Pension contributions paid	15,000 - 20,000	10,000 - 15,000

During the year, retirement benefits were accruing to 2 Trustees (2019 - 2) in respect of defined contribution pension schemes.

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

**14. Trustees' and Officers' insurance**

The 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, Governors and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, provides cover up to £10,000,000. It is not possible to quantify the Trustees, Governors and Officers indemnity element from the overall cost of the RPA scheme membership.

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

**15. Tangible fixed assets**

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 September 2019	15,819,379	156,291	126,353	16,102,023
Additions	239,494	20,925	109,328	369,747
At 31 August 2020	<u>16,058,873</u>	<u>177,216</u>	<u>235,681</u>	<u>16,471,770</u>
<b>Depreciation</b>				
At 1 September 2019	1,086,863	51,633	72,208	1,210,704
Charge for the year	489,451	14,172	39,418	543,041
At 31 August 2020	<u>1,576,314</u>	<u>65,805</u>	<u>111,626</u>	<u>1,753,745</u>
<b>Net book value</b>				
At 31 August 2020	<u>14,482,559</u>	<u>111,411</u>	<u>124,055</u>	<u>14,718,025</u>
At 31 August 2019	<u>14,732,516</u>	<u>104,658</u>	<u>54,145</u>	<u>14,891,319</u>

**16. Debtors**

	2020 £	2019 £
<b>Due within one year</b>		
Trade debtors	764	16,849
VAT recoverable	261,756	66,187
Prepayments and accrued income	341,270	167,843
	<u>603,790</u>	<u>250,879</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**17. Creditors: Amounts falling due within one year**

	2020 £	2019 £
Trade creditors	231,965	107,018
Other taxation and social security	63,968	61,798
Other creditors	88,375	78,083
Accruals and deferred income	278,365	166,104
	662,673	413,003
	662,673	413,003

**Deferred income**

	2020 £	2019 £
Deferred income at 1 September 2018	100,682	170,940
Resources deferred during the year	98,143	100,682
Amounts released from previous years	(100,682)	(170,940)
	98,143	100,682
	98,143	100,682

Deferred income relates to universal infant free school meal funding for the following academic year and some parental contributions to future educational visits.

**18. Provisions**

	Other provisions £
Additions	20,045
	20,045
	20,045

The above provision relates to an ongoing legal case in respect of photocopiers used at Camps Hill Primary School.

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

**19. Statement of funds**

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
<b>Unrestricted funds</b>						
Unrestricted funds	651,100	248,429	(343,615)	(112,590)	-	443,324
<b>Restricted general funds</b>						
General Annual Grant (GAG)	-	3,761,173	(3,738,526)	-	-	22,647
Other Dfe/ESFA	-	372,271	(372,271)	-	-	-
Pupil Premium	-	423,738	(423,738)	-	-	-
Local Authority grants	-	801,953	(801,953)	-	-	-
Other restricted funds	-	32,884	(23,165)	-	-	9,719
Exceptional Government funding	-	4,290	(4,290)	-	-	-
Pension reserve	(2,086,000)	-	(362,000)	-	(321,000)	(2,769,000)
	<u>(2,086,000)</u>	<u>5,396,309</u>	<u>(5,725,943)</u>	<u>-</u>	<u>(321,000)</u>	<u>(2,736,634)</u>
<b>Restricted fixed asset funds</b>						
Fixed assets	14,891,319	-	(543,042)	369,747	-	14,718,024
Devolved Formula Capital	-	20,653	-	(20,653)	-	-
Conditional Improvement fund	-	244,367	-	(236,504)	-	7,863
	<u>14,891,319</u>	<u>265,020</u>	<u>(543,042)</u>	<u>112,590</u>	<u>-</u>	<u>14,725,887</u>
<b>Total Restricted funds</b>	<u>12,805,319</u>	<u>5,661,329</u>	<u>(6,268,985)</u>	<u>112,590</u>	<u>(321,000)</u>	<u>11,989,253</u>
<b>Total funds</b>	<u><u>13,456,419</u></u>	<u><u>5,909,758</u></u>	<u><u>(6,612,600)</u></u>	<u><u>-</u></u>	<u><u>(321,000)</u></u>	<u><u>12,432,577</u></u>

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

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

**Unrestricted funds**

The unrestricted fund has been created to recognise the incoming and outgoing resources in respect of activities undertaken by the Trust which fall outside the scope of its core activities.

**General Annual Grant (GAG)**

This represents funding from the ESFA to cover the costs of recurrent expenditure.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020. The transfer from this fund represents the value of fixed assets purchased from GAG funding.

**Other DFE/ESFA**

Other DFE/ESFA grants represent funding from Government agencies to be used for specific purposes.

**Pupil Premium**

This represents funding to be used to help raise achievement and improve outcomes for pupils from low income families who are eligible for free school meals.

**Local Authority grants**

This represents various grants from local Government bodies for the provision of specific services to pupils of the Academies.

**Other restricted funds**

This represents contributions made by parents to the running of educational visits for the pupils of the Academies and the associated costs of running the trips.

**Exceptional government funding**

This represents funding received to cover exceptional costs incurred throughout the COVID-19 pandemic.

**Pension reserve**

This fund represents the Trust's share of the deficit on the Local Government Pension Scheme (LGPS) transferred to the Trust on conversion from State Maintained Schools.

**Devolved Formula Capital (DFC)**

The Trust is to use the DFC allocation to maintain and improve its buildings and facilities.

**Conditional Improvement Fund (CIF)**

This represents funding received from the ESFA for a roof replacement and fire compliance works.

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

**Restricted fixed asset funds**

These funds represent monies received in respect of and spent on fixed assets. This includes assets inherited on conversion. The total of resources expended within this fund includes the depreciation charge for the year.

**Total funds analysis by Academy**

Fund balances at 31 August 2020 were allocated as follows:

	2020 £	2019 £
Central services	113	28
Fairlands Primary School	467,189	610,190
Camps Hill Primary School	8,388	40,882
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	475,690	651,100
Restricted fixed asset fund	14,725,887	14,891,319
Pension reserve	(2,769,000)	(2,086,000)
	<hr/>	<hr/>
<b>Total</b>	<b>12,432,577</b>	<b>13,456,419</b>
	<hr/> <hr/>	<hr/> <hr/>

**Total cost analysis by Academy**

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2020 £
Fairlands Primary School	2,340,899	526,962	57,892	480,097	3,405,850
Camps Hill Primary School	1,824,253	431,094	43,953	345,513	2,644,813
Central services	-	-	-	18,894	18,894
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Trust</b>	<b>4,165,152</b>	<b>958,056</b>	<b>101,845</b>	<b>844,504</b>	<b>6,069,557</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

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**19. Statement of funds (continued)**

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2019 £
Fairlands Primary School	2,029,217	452,377	126,604	443,550	3,051,748
Camps Hill Primary School	1,664,488	359,918	102,810	328,671	2,455,887
<b>Trust</b>	<u>3,693,705</u>	<u>812,295</u>	<u>229,414</u>	<u>772,221</u>	<u>5,507,635</u>

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

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
<b>Unrestricted funds</b>						
Unrestricted funds	520,978	327,246	(197,124)	-	-	651,100
<b>Restricted general funds</b>						
General Annual Grant (GAG)	-	3,625,204	(3,553,929)	(71,275)	-	-
Other Dfe/ESFA	-	172,809	(172,809)	-	-	-
Pupil Premium	-	427,528	(427,528)	-	-	-
Local Authority grants	-	848,224	(848,224)	-	-	-
Other restricted funds	-	66,765	(66,765)	-	-	-
Exceptional Government funding	-	8,400	(8,400)	-	-	-
Pension reserve	(1,188,000)	-	(175,000)	-	(723,000)	(2,086,000)
	<u>(1,188,000)</u>	<u>5,148,930</u>	<u>(5,252,655)</u>	<u>(71,275)</u>	<u>(723,000)</u>	<u>(2,086,000)</u>
<b>Restricted fixed asset funds</b>						
Fixed assets	15,064,068	-	(531,070)	358,321	-	14,891,319
Devolved Formula Capital	-	61,541	(57,854)	(3,687)	-	-
Conditional Improvement fund	283,359	-	-	(283,359)	-	-
	<u>15,347,427</u>	<u>61,541</u>	<u>(588,924)</u>	<u>71,275</u>	<u>-</u>	<u>14,891,319</u>
<b>Total Restricted funds</b>	<u>14,159,427</u>	<u>5,210,471</u>	<u>(5,841,579)</u>	<u>-</u>	<u>(723,000)</u>	<u>12,805,319</u>

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**19. Statement of funds (continued)**

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
<b>Total funds</b>	<u>14,680,405</u>	<u>5,537,717</u>	<u>(6,038,703)</u>	<u>-</u>	<u>(723,000)</u>	<u>13,456,419</u>

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**20. Analysis of net assets between funds**

**Analysis of net assets between funds - current period**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	14,718,025	14,718,025
Current assets	443,324	467,429	255,517	1,166,270
Creditors due within one year	-	(415,018)	(247,655)	(662,673)
Provisions for liabilities and charges	-	(2,789,045)	-	(2,789,045)
<b>Total</b>	<u>443,324</u>	<u>(2,736,634)</u>	<u>14,725,887</u>	<u>12,432,577</u>

**Analysis of net assets between funds - prior period**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	14,891,319	14,891,319
Current assets	651,100	413,003	-	1,064,103
Creditors due within one year	-	(413,003)	-	(413,003)
Provisions for liabilities and charges	-	(2,086,000)	-	(2,086,000)
<b>Total</b>	<u>651,100</u>	<u>(2,086,000)</u>	<u>14,891,319</u>	<u>13,456,419</u>

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**21. Reconciliation of net expenditure to net cash flow from operating activities**

	2020 £	2019 £
Net expenditure for the period (as per Statement of Financial Activities)	(702,842)	(500,986)
<b>Adjustments for:</b>		
Depreciation	543,042	531,067
Capital grants from DfE and other capital income	(265,020)	(61,541)
Interest receivable	(453)	(1,560)
Defined benefit pension scheme adjustments	362,000	175,000
(Increase)/decrease in debtors	(352,911)	444,976
Increase/(decrease) in creditors	249,669	(248,041)
Increase/(decrease) in provisions	20,045	-
<b>Net cash (used in)/provided by operating activities</b>	<b>(146,470)</b>	<b>338,915</b>

**22. Cash flows from investing activities**

	2020 £	2019 £
Interest received	453	1,560
Purchase of tangible fixed assets	(369,747)	(358,321)
Capital grants from DfE Group	265,020	61,541
<b>Net cash used in investing activities</b>	<b>(104,274)</b>	<b>(295,220)</b>

**23. Analysis of cash and cash equivalents**

	2020 £	2019 £
Cash in hand	562,480	813,224
<b>Total cash and cash equivalents</b>	<b>562,480</b>	<b>813,224</b>

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**24. Analysis of changes in net debt**

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	813,224	(250,744)	562,480
	813,224	(250,744)	562,480
	813,224	(250,744)	562,480

**25. Pension commitments**

The 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 Hertfordshire County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £86,294 were payable to the schemes at 31 August 2020 (2019 - £75,855) 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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**25. Pension commitments (continued)**

**Valuation of the Teachers' Pension Scheme**

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

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

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

The employer's pension costs paid to TPS in the year amounted to £435,431 (2019 - £294,183).

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £492,000 (2019 - £457,000), of which employer's contributions totalled £397,000 (2019 - £372,000) and employees' contributions totalled £ 95,000 (2019 - £85,000). The agreed contribution rates for future years are 25.3% per cent for employers and 5.5 - 12.5% 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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**25. Pension commitments (continued)**

**Principal actuarial assumptions**

	2020 %	2019 %
Rate of increase in salaries	2.60	2.40
Rate of increase for pensions in payment/inflation	2.20	2.30
Discount rate for scheme liabilities	1.70	1.90
Inflation assumption (CPI)	2.30	2.30
Commutation of pensions to lump sums	50.00	50.00

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

	2020 Years	2019 Years
Retiring today		
Males	21.9	21.5
Females	24.1	23.7
Retiring in 20 years		
Males	22.8	22.3
Females	25.5	25.0

**Sensitivity analysis**

	2020 £000	2019 £000
Discount rate +0.1%	(173,000)	(140,000)
Discount rate -0.1%	173,000	140,000
Mortality assumption - 1 year increase	238,000	19,000
Mortality assumption - 1 year decrease	(238,000)	(19,000)
CPI rate +0.1%	155,000	122,000
CPI rate -0.1%	(155,000)	(122,000)

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**25. Pension commitments (continued)**

**Share of scheme assets**

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

	2020 £	2019 £
Equities	1,690,000	1,262,000
Corporate bonds	1,117,000	1,005,000
Property	287,000	206,000
Cash and other liquid assets	95,000	104,000
<b>Total market value of assets</b>	<b>3,189,000</b>	<b>2,577,000</b>

The actual return on scheme assets was £148,000 (2019 - £185,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2020 £	2019 £
Current service cost	(716,000)	(509,000)
Past service cost	-	(4,000)
Interest income	53,000	61,000
Interest cost	(96,000)	(95,000)
<b>Total amount recognised in the Statement of Financial Activities</b>	<b>(759,000)</b>	<b>(547,000)</b>

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

	2020 £	2019 £
<b>At 1 September</b>	<b>4,662,000</b>	<b>3,122,000</b>
Current service cost	716,000	509,000
Interest cost	96,000	95,000
Employee contributions	95,000	85,000
Actuarial losses	416,000	847,000
Benefits paid	(27,000)	-
Past service costs	-	4,000
<b>At 31 August</b>	<b>5,958,000</b>	<b>4,662,000</b>

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**25. Pension commitments (continued)**

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

	2020 £	2019 £
<b>At 1 September</b>	2,576,000	1,934,000
Interest income	53,000	61,000
Actuarial gains	95,000	124,000
Employer contributions	397,000	372,000
Employee contributions	95,000	85,000
Benefits paid	(27,000)	-
<b>At 31 August</b>	<u>3,189,000</u>	<u>2,576,000</u>

**26. Operating lease commitments**

At 31 August 2020 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	33,504	38,582
Later than 1 year and not later than 5 years	36,028	91,643
	<u>69,532</u>	<u>130,225</u>

**27. Members' liability**

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

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**28. Related party transactions**

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

The partner of Trustee Mr G Rumsey is employed by the Trust as a Teaching Assistant. The remuneration package is in line with the standard payscales for the role undertaken and their employment contract is subject to normal terms and conditions.

Herts for Learning, a related party through a shared Trustee in Mr R Staples, the Accounting Officer, provided services to the Trust. The Trust purchased services totalling £30,086 (2019: £68,000) during the year and there were no amounts outstanding at 31 August 2020 (2019: £Nil).

Stevenage Education Trust, a related party through a shared Trustee in Mr R Staples, the Accounting Officer, provided services to the Trust. The Trust purchase services totalling £Nil (2019: £3,000) during the year and £Nil was outstanding at the year-end (2019: £3,000).

Stevenage Education Support centre, a related party through a shared Trustee in Ms E Flawn, the vice Accounting Officer, provide services to the Trust. The Trust purchased services totaling £1,500 (2019: £Nil) during the year and £Nil was outstanding at the year-end (2019: £Nil).

The element above £2,500 has been provided 'at no more than cost' and a statement of assurance been provided by both suppliers.

No other related party transactions took place in the period of account, other than certain Trustees' remuneration and expenses already disclosed in note 13.