

# **The Alec Reed Academy**

## **Annual Report and Financial Statements**

31 August 2022

Company Limited by Guarantee  
Registration Number  
04444278 (England and Wales)

## Contents

### Reports

Reference and administrative information	1
Trustees' report	3
Governance statement	19
Statement of regularity, propriety and compliance	25
Statement of Trustees' responsibilities	26
Independent auditor's report on the financial statements	27
Independent reporting accountant's report on regularity	32

### Financial statements

Consolidated statement of financial activities	34
Balance sheets	35
Consolidated statement of cash flows	36
Principal accounting policies	37
Notes to the consolidated financial statements	43

## Reference and administrative information

<b>Members</b>	Heather Flint BSocSc, MA Baba Abu BSc (Hons) Econ MBA Mike Phillips BSc (Hons) Eng. James Reed MA MBA FCIPD
<b>Trustees</b>	
Chair of Trustees	Louise Prince BA (Hons), BSc (Hons)
Vice Chair of Trustees	Phil Mead MREC
Ex-Officio Trustee	Phil Cosby BSc (Hons), MA, PGCEL, NPQH
Trustee	Christopher William Gliddon BA LLB
Trustee	Lucie Hernandez BA (Hons) QTS
Staff Trustee	Megan Dick BA (Hons), PGCE, Med
Trustee	Sara Hasan MSc, MBA
Local Authority Trustee	Dee Martin BA (Hons)
Trustee	Dee Morrison BA (Hons)
Parent Trustee	Pratik Shah, MSc
Parent Trustee	Gagandeep Sethi
Trustee	Jane Wotherspoon B.Ed (Hons)
<b>Clerk</b>	Rachel Lewis
<b>Company Secretary</b>	Marghanita Muris BA (Hons), FCA
<b>Senior Management Team</b>	
Principal & CEO	Phil Cosby BSc (Hons), MA, PGCEL, NPQH
Associate Principal Head of Primary Phase and Cross Phase Links	Anne Franklin C.Ed, NPQH, MA
Director of Finance and Resources	Marghanita Muris BA (Hons), FCA
<b>Registered address</b>	Alec Reed Academy Bengarth Road Northolt Middlesex UB5 5LQ
<b>Company registration number</b>	04444278 (England and Wales)
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL

## Reference and administrative information

<b>Bankers</b>	Lloyds Bank 2 <sup>nd</sup> Floor 25 St Georges Street London W1S 1FS
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<b>Solicitors</b>	Wilsons Alexandra House St Johns Street Salisbury SP1 2SB
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The Trustees present their report together with the financial statements of The Alec Reed Academy and Group for the year ended 31 August 2022. The Group consists of the Alec Reed Academy ("the Academy" or "the Academy Trust") and Alec Reed Academy Enterprise Limited.

The financial statements have been prepared in accordance with the accounting policies set out on pages 37 to 42 of the attached financial statements and comply with the Academy's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

The Academy is a company limited by guarantee and an exempt charity regulated by the Department for Education. The charitable company's memorandum and articles of association are the primary governing documents of the Academy. The trustees of The Alec Reed Academy are also directors of the charitable company for the purposes of company law. The charitable company is known as The Alec Reed Academy.

Details of the trustees who served during the year and up to the date of approving this report are included in the Reference and Administrative Details on page 1.

### **Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while 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 £1, for the debts and liabilities contracted before he/she ceases to be a member.

### **Trustees' indemnities**

The Academy holds insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. Further details are provided in note 12.

### **Principal activities**

The principal activity of the Academy is to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing, and developing a school offering a broad curriculum.

The Academy operates a subsidiary company Alec Reed Academy Enterprise Limited (Company Registration Number 07783289). The principal activity of the company was that of operating some of the commercial activities of the Academy mainly community sports (see note 11). The company distributes any surpluses to the Academy, to the extent that it has sufficient reserves.

## STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

### Trustees

The Trustees are directors of the charitable company for the purposes of the Companies Act 2006. The following Trustees were in office at the date of approval of these financial statements and served throughout the year except where shown.

Trustee	Appointed/Resigned	Appointing body other than Board
Louise Prince		
Sofina Bhatti	Resigned 31.08.22	
Baba Abu	Resigned 31.03.22	
Jane Wotherspoon	Appointed 06.07.22	
Dee Martin		
Dee Morrison		
Jasdeep Singh Rehal	Resigned 15.11.21	
Megan Dick		
Emma Price	Resigned 03.03.22	
Phil Cosby		
Gagandeep Sethi	Appointed 08.12.21	
Phil Mead		
Christopher Gliddon		
Pratik Shah	Appointed 16.03.22	
Lucie Hernandez	Appointed 06.10.21	
Sara Hasan	Appointed 23.03.22	

### Members

The Academy has four Members:

Heather Flint  
Mike Philips  
Baba Abu  
James Reed, appointed by the Principal Sponsor 8th December 2021

The Academy Members are responsible for holding the Trust to account for effective governance. They have a limited role in the running of the Trust and do not sit on the Board. Members are responsible for monitoring overall performance so they can intervene if trustees fail to carry out their responsibilities. They can appoint and remove trustees from office.

### Method of recruitment and appointment or election of Trustees

The Articles of Association state the Members of the Trust shall comprise the authorised representative of the Principal Sponsor, Reed Foundation, up to four persons appointed by the Principal Sponsor and one person appointed by the Secretary of State. The Articles of Association require the Members to appoint at least three and no more than fifteen trustees, unless otherwise determined by ordinary resolution. The Trustees shall include the members (although the members may choose not to be a trustee), parent Trustees, staff Trustees and may include a LEA governor and up to four co-opted Trustees. Staff and parents are invited by the Academy to nominate representatives for election.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

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

The Board of Trustees looks to ensure a mix of skills and appoint new trustees based on background, experience, representation and specialist skills. It has recently undertaken a skills audit and has recruited a trustee with educational expertise to address a perceived gap. The training and induction provided for new trustees depends on their existing experience and will be tailored accordingly but does include training on student safeguarding, charity, educational, and financial matters. All new trustees are linked to a curriculum department to share their expertise and meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they need to undertake their role as trustees.

### **Organisational structure**

The Board of Trustees normally meets four times a year to set the strategic direction and policies of the Academy, review performance, take key decisions including adopting the Annual Report and Financial Statements, Budget, Academy Improvement Plan and to review the Corporate Risk register. It has formed an Education Committee, Finance & Resources and Audit & Risk Committee and Human Resources Committee to take a more detailed look at areas and to advise the Board of Trustees in their decision making. These committees each meet between 2 and 5 times a year.

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

The Board of Trustees has approved a Pay Policy, which is reviewed annually by the Human Resources Committee. This sets out the parameters for determining remuneration. Key management personnel are the Board of Trustees, the Principal and Chief Executive, Director of Finance and Resources and Associate Principal-Head of Primary Phase and cross Phase links. Performance pay may be awarded to staff if they exceed their performance targets and awards are reviewed by the Human Resources Committee.

### **Trade union facility time**

The Academy does not employ any staff acting in the capacity of trade union officials. Four members of staff informally represent staff but there was no cost to the Academy for any time spent doing this. The Academy contributed £4,629 to London Borough of Ealing towards the cost of providing Trade Union services to schools in 2021/22.

### **Related Parties and other Connected Charities and Organisations**

The Reed Foundation sponsors The Alec Reed Academy and since the Academy's founding on 1 September 2003, has donated £2,587,091 to assist the Academy in achieving its objectives.

Reed Foundation has a 18% share in Reed Global Ltd, which is the Parent company Reed Specialist Recruitment Ltd. with which the Academy has related party transactions. These transactions are disclosed at note 21.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Related Parties and other Connected Charities and Organisations** (continued)

Reed Foundation has appointed trustees who are employed by Reed companies. Phil Mead, an employee of Reed Education which is a division of Reed Specialist Recruitment, was appointed to the Board on 7 October 2020. There are no other Reed employee trustees. James Reed was appointed by the Principal Sponsor as a Member of the Trust on 8th December 2021.

The Academy operates a wholly owned (100%) subsidiary company Alec Reed Academy Enterprise Limited (Company Registration Number 07783289). The principal activity of the company was that of operating community sports activities on a commercial basis using the Academy facilities (see note 11). The company distributes any surpluses to the Academy, to the extent that it has sufficient reserves.

### **Management**

The day-to-day management of the Academy is undertaken by the Principal and Chief Executive with the support of the Academy Leadership Team ('ALT'). During the year to 31 August 2022, this consisted of the Associate Principal - Head of Primary Phase and Cross Phase links, the Director of Finance and Resources and Vice Principal Secondary Phase, Inclusion and Standards. The ALT manages the Academy at an executive level, implements the policies agreed by the Board of Trustees and reports back to it. As a group, it is responsible for the authorisation of spending within agreed budgets and making recommendations regarding the appointment of staff. The ALT is supported by extended leadership teams in the Primary and Secondary phases.

## **OBJECTIVES AND ACTIVITIES**

### **Objects and aims**

The principal object and activity of the Academy is to provide education for children of different abilities between the ages of three and nineteen.

In accordance with the Articles of Association, the Academy has adopted a "Scheme of Government" approved by the Secretary of State of the Department for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on science and technology and their practical applications.

### **Objectives, strategies and activities**

The Academy has a distinctive ethos which guides our work and the education of our children and young people. The Academy's aim is to prepare children for adult life and this underpins our mission which is to:

- ♦ provide high quality education and a thirst for life-long learning;
- ♦ enable everyone to enjoy success and achievement;



## **OBJECTIVES AND ACTIVITIES** (continued)

### **Objectives, strategies and activities** (continued)

- ♦ promote confidence and a strong sense of personal worth;
- ♦ have high expectations which will be reflected in the targets set for staff and students alike;
- ♦ harness the energies of children, students, staff, parents and local community to establish a genuine partnership with the Academy for the benefit of all;
- ♦ establish a business-like ethos by beliefs in values and attitudes such as hard work, honesty, respect and concern for others;
- ♦ provide quality opportunities for the spiritual, moral, social and cultural development of our children and young people; and
- ♦ ensure that the effectiveness of all Academy staff is maintained and developed through continuous professional development.

The Academy's Self Evaluation Summary ('SES') is aligned with the Academy Improvement Plan ('AIP') to deliver these aims. This plan identifies the development priorities for the Academy directly related to pupil outcomes and performance. These priorities are cascaded down to, and aligned with departmental and curriculum action plans and appraisal targets to meet the Academy's strategic focus and objectives. Planned outcomes and the impact of achieving the objectives are clarified within the AIP.

Progress towards objectives is monitored through regular line management meetings, by leadership, pupil progress forums and formal reviews at regular intervals.

### **Public Benefit**

In setting the Academy's objectives and planning its activities, the Board of Trustees has given careful consideration to the Charity Commission's general guidance on public benefit.

## **Achievements and performance**

### **National Assessment**

The results across all phases of the Academy from the summer examinations and assessments were positive and reflected an upward trend in most of the national measures. The performance at KS4 was a highlight and showed a substantial improvement over results from 2019, when public examinations were last undertaken, and exceeded the teacher assessed grades that were awarded in 2020 and 2021. We are particularly pleased with the 7.5% improvement in the percentage of children achieving 5 or more subjects at Grade 5 and above including English and Maths. The improvement is particularly impressive on context of reduced grades nationally. At Post 16 there were many highlights, and grades improved on the 2019 results in all the key measures, except for the percentage achieving A\*-A.

## OBJECTIVES AND ACTIVITIES (continued)

### National assessment (continued)

There are national assessment frameworks for pupils completing Key Stage 2 (Primary), Key Stage 4 (Secondary) and Key Stage 5 (Post 16). In 2022, student testing with independent marking resumed on a national basis. In 2020 and 2021 due to Covid, results were based on teacher assessments that were moderated by the examination boards and Ealing Education authority for primary. The results of student performance for 2022 are shown in the tables below,

#### Key Stage 2 Assessments based on teacher assessments

Key Stage 2	Attainment in reading writing & maths combined		Reaching the expected standard in:			
	Reaching the expected standard	Reaching greater depth	Reading	Writing teacher assessment	Maths	Grammar, punctuation & spelling
2022: Alec Reed Academy	61%	6.7%	70%	71%	71%	72%
2022: National average	59%		74%	69%	71%	72%
2021: Alec Reed Academy	41%	2.2%	60%	63%	58%	70%
2021: National average	<i>Not released</i>	<i>Not released</i>	<i>Not released</i>	<i>Not released</i>	<i>Not released</i>	<i>Not released</i>
2020: Alec Reed Academy	67%	12%	71%	73%	73%	81%
2020: National average	<i>Not released</i>	<i>Not released</i>	<i>Not released</i>	<i>Not released</i>	<i>Not released</i>	<i>Not released</i>

#### Key Stage 4 Accountability Measures

	2022		2021	2019	
	ARA	National Average	ARA	ARA	National Average
Grade 5 or above in English & Maths	46.5%	50%	39%	31%	43%
Grade 4 or above in English & Maths	59.3%	69%	60%	54%	65%
Attainment 8	47.7	48.7	46	41	46
Progress 8	+0.12	-0.03	0.51	-0.24	-0.25

## OBJECTIVES AND ACTIVITIES (continued)

### National assessment (continued)

#### Post 16 Key Stage 5 Assessments

Post 16	2022	2021	2020	2019
A2 pass A-E	97%	97.5%	97%	93%
<b>Average grade</b>				
• Academic	C	C+	C+	C-
• Vocational*	Merit	Merit+	Merit	Merit

### Ofsted assessment

In April 2015, the Academy had a full inspection by Ofsted. The Inspection concluded that the Academy is a 'Good School' and its overall effectiveness was assessed to be 'Good'. The Academy received a further short Ofsted Inspection (under the Section 8 Short Inspection Framework) in June 2018. In the highly positive report, Ofsted fully recognised the continuous progress that has been achieved across the Academy since the previous inspection and assessed the Academy to be 'Good'. The reports are available on the Ofsted web site at <https://reports.ofsted.gov.uk/provider/28/134369>

### Key performance indicators

The number of pupils on roll is an important indicator because the Academy's funding is pupil led.

#### Pupils on roll compared to previous years

	2022/23	2021/22	2020/21	2019/20
Nursery (FTE)	40	25	26	20
Primary	549	555	542	567
Secondary	864	882	881	874
Post 16	183	195	175	160
<b>Total</b>	<b>1626</b>	<b>1632</b>	<b>1598</b>	<b>1601</b>

- ◆ Numbers in Primary are gradually decreasing in line with the falling birth rate and only 1 year group has 90 pupils, which means it is full.
- ◆ The DfE states "The population attending primary and nursery schools peaked in 2019 and the figures have been dropping since then. This is primarily due to the continued reductions in the birth numbers since 2013, although the larger drop in 2021 may have been connected to the pandemic (for example, parents choosing to home school for reception year). The number of pupils in state-funded nursery has increased slightly, following a 10% decrease in the previous year."
- ◆ The slight dip in numbers in the Secondary Phase this year is ahead of the national trend as recorded on the DfE Website: "The peak in the secondary school population is still projected to be in 2024, followed by a gradual drop to the end of the projection period 2028".
- ◆ Post 16 is an area targeted for growth by the Academy.

## OBJECTIVES AND ACTIVITIES (continued)

### Key performance indicators (continued)

	2021/22	2020/21
<b>ARA: Average class size Primary</b>	<b>26.14</b>	<b>27.7</b>
• <i>National average</i>	26.7	26.6
<b>ARA: Pupils eligible for free school meals</b>	<b>38%</b>	<b>35%</b>
• <i>National average</i>	22.5%	20.8%
<b>ARA: Pupil Premium students</b>	<b>46%</b>	<b>45%</b>
<b>ARA: Pupils with high needs and an Education, Health, and Care (EHC) Plan</b>	<b>2%</b>	<b>2.7%</b>
• <i>National Average</i>	4%	3.7%
<b>ARA Pupils with SEN Support but no EHC plan</b>	<b>11%</b>	<b>10.3%</b>
• <i>National Average</i>	12.6%	12.2%
<b>ARA Pupils whose first language is not English</b>	<b>60.40%</b>	<b>56%</b>
• <i>National Average</i>	17.48%	19.2%

A pupil is recorded to have English as an additional language if they are exposed to a language at home that is known or believed to be other than English. This measure is not a measure of English language proficiency.

Nationally the percentage of pupils with an EHC plan has increased to 4.0% in 2022, continuing a trend of increases since 2016. Prior to this, the rate had remained steady at 2.8%. This is in line with local authority data on the number of EHC plans.

The percentage of pupils with SEN support nationally has increased, from 12.2% to 12.6%, continuing an increasing trend from 2016.

The most common type of need for those with an EHC plan is Autistic Spectrum Disorders and for those with SEN support, Speech, Language and Communication needs.

## OBJECTIVES AND ACTIVITIES (continued)

### Pupil attendance

Pupil attendance is a key performance indicator because there is a clear correlation with pupil educational outcomes. For this reason, the indicator is closely monitored by Ofsted. Although our figures do not include absences due to Covid, Covid has still had a significant influence resulting in higher than normal levels of absenteeism. A key target for the Academy is to improve attendance.

Attendance of pupils age 5 to 15	ARA 2021/22	ARA 2020/21	National average 2020/21	2019/20
Authorised or unauthorised absence, across the full academic year.	8.4%	8.2%	4.6%	6.5%
The percentage of pupils missing 10% or more of the mornings or afternoons they could attend, meaning that if a pupil's overall rate of absence is 10% or higher across the full academic year they will be classified as persistently absent.	29.3%	28.3%	12.1%	23.2%

### Going concern

After making appropriate enquiries and considering the impact of the Coronavirus pandemic on the financial position of the Academy, the Trustees have a reasonable expectation that the Academy 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. It has made this assessment in respect to a period of at least one year from the date of approval of these financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies on page 37.

Alec Reed Enterprise is a subsidiary of the Academy, and the principal activity of the company is that of community sports centre operating on a commercial basis. The subsidiary was impacted significantly by Covid-19 and was closed for much of 2020 and 2021. Following its reopening in the autumn of 2021 and by maintaining the reduced cost base established over the Covid period, it returned a surplus for the period of £48,000. This has enabled it to make a very positive contribution to reduce its cumulative loss to £55,000. It is expected that the subsidiary will continue to make a healthy profit for 2023 meaning it should be able to start making contributions to the Academy by 2024.

## OBJECTIVES AND ACTIVITIES (continued)

### Financial review

#### *Financial report for the year*

The Academy has performed well to manage its finances at a time of rising costs and deal with the impact of Covid. Despite these pressures, it ended the year with an operational surplus of £79,000 compared to a surplus of £249,000 in 2020/21, after excluding "non-cash" adjustments. Non-cash adjustments are made for depreciation on fixed assets providing for the cost of their renewal, and the estimated cost of pensions. These non-cash adjustments are made to the accounts to comply with financial reporting standards to show the 'true cost' of fixed assets and pensions.

Most of the Academy's income is received from the Education and Skills Funding Agency ('ESFA') in the form of the General Annual Grant £10.3 m (2020/21 £10.1m) which is based on numbers of students on roll. The grant increased by £0.2m largely due to the growth of pupils in Post 16.

Pupil Premium is received for pupils economically disadvantaged and during the period the Academy received £681,000 (2020/21: £667,000) to close the attainment gap for these pupils. The increase of £14,000 is largely a result of the increase in the level of deprivation amongst students. Grants were also received from the local authority for early years' provision and supporting pupils with high education needs. In 2021/22, the Academy received £607,000 compared to £679,000 in the previous year for nursery pupils and high needs students and reflects a decrease in numbers of students in Primary with an Education Health Care plan and reduced funding per head due to lesser needs.

Other grants totalling £177,000 were received to support the Academy through the Covid pandemic. The most significant was £90,000 Recovery Premium, £18,000 Post 16 Academic Tuition Fund and £38,000 National Tutoring Programme. These grants were applied to rectify learning lost as a result of Covid. The grants were used to fund small tutor groups and buy books and resources. In addition, the DfE donated computers worth £44,000 for the Academy to give to its most disadvantaged students. The Academy received grants for making precautions to prevent the spread of the infection including £17,000 for mass testing.

The cost-of-living pressures were felt with many expenditure budgets over spending. Fortunately, our energy prices had been fixed before the start of the Ukraine crisis and so this pressure has been deferred to 2023. The Academy received a supplementary grant from ESFA totalling £123,000 for the rise in Employers National Insurance and wider cost pressures.

Income from other trading activities, including Hospitality and the Community Sports Centre, has largely recovered since the Covid lockdowns and extra-curricular activities have resumed, including reopening of the after school and breakfast clubs. Income from 'other trading' activities increased from £590,000 in 2021 to £1,020,000 in 2022.

## OBJECTIVES AND ACTIVITIES (continued)

### Financial review (continued)

#### *Financial report for the year (continued)*

Overall, there is a net increase in funds amounting to £3,841,000 (2020/21: £553,000) as shown in the Consolidated Statement of Financial Activities ('SoFA') on page 34. The increase is largely due to the actuarial gain of £5,229,000 on the valuation of the Academy's share of the deficit on the Local Government Pension Scheme Fund, as measured in accordance with Financial Reporting Standard 102 ('FRS102').

At 31 August 2022 the net book value of fixed assets was £34.1m (2020/21: £34.9m) and movements in fixed assets are shown in note 13 to the Consolidated Financial Statements. The Academy continued to make significant investment in its capital programme and fixed assets purchased in the year totalled £382,000 (2020/21: £318,000) which is a major programme of work, particularly given the post Covid and Brexit supply chain issues. In addition, the Department for Education donated computers to a value of £44,000 which were allocated to pupils to use for remote learning. Expenditure is as follows:

	2022	2021
New assets	£000	£000
Computers for staff and students	37	11
Interactive teaching boards	8	4
External shelters for students primary / secondary	82	16
Playground improvements	38	14
Video intercoms at gates	7	0
Electronic sign in at receptions	13	0
Replacement of smoke vents	0	30
Solar panels	115	0
Boilers	16	0
Carbon filter for drinking water	4	0
Gatehouse refurbishment	62	201
LED lighting	0	25
Path to Academy fields	0	17
Total capital expenditure	£382	£318

## OBJECTIVES AND ACTIVITIES (continued)

### Financial review (continued)

#### ***Financial and risk management objectives and policies***

Trustees have assessed the major risks to which the Academy is exposed and reviewed mitigating actions to manage each risk. The Academy has implemented several systems to assess and manage operational risks, in areas such as responding to Covid-19, teaching, ICT, health and safety, student safeguarding and school trips. Operational procedures such as staff training, vetting of new staff and visitors, supervision of school grounds, ICT back-up and internal financial controls are in place to minimise risk.

#### ***Reserves policy***

The Group held restricted and unrestricted general reserves at the end of the year totalling £3.5m (2020/21: £3.4m).

Trustees annually review the level of general reserves held by the Academy. This review encompasses consideration of the needs of the Academy over the medium term to ensure the Academy's continued financial sustainability, to ensure it has enough liquidity to meet operational liabilities and to invest in the infrastructure of the building and improve facilities available for teaching and learning. This year the reserves increased by £79,000 due to the Academy's operational surplus.

Plans are in place to use the reserves. The Academy has earmarked £1.8m to invest in capital projects to upgrade the building infrastructure, LED lighting to generate energy efficiencies, improvements to fire safety arrangements, equipment and continuing the remodelling programme of the playground areas. In addition, the Academy is planning to use £0.3m of reserves to support the revenue budget in 2022/23 as it is facing a number of cost pressures.

Included in the total reserves is a cumulative deficit of £55,000 (2020/21: £103,000) incurred by the subsidiary, Alec Reed Academy Enterprise Ltd. This arises from operational losses made by the Community Sports Centre since 2011. The Academy had been implementing an improvement plan to recover this deficit reserve over the medium term and this year the Subsidiary returned a healthy profit of £49,000. The future continues to look more certain for the Sports Centre following the difficulties caused by Covid.

The deficit on the Pension Fund is £818,000 (2020/21: £5.4m) and has reduced due to a significant actuarial gain in the year due to changes in the discount rate used to quantify future liabilities. The Academy's share of the deficit on the London Borough of Ealing's Local Government Pension Scheme is calculated each year by an actuary in accordance with financial reporting standards and has proven to be very volatile. The basis for valuing the Fund for financial reporting purposes, is distinct from the methodology used for the Triennial Valuation of the Fund on which employer contributions are based. Overall, there is continuing uncertainty over the cost to the Academy of this final and career average salary scheme in cash terms, but the current policy is to finance the deficit over time, meeting any increases in employer contributions recommended by the Actuary for the Scheme following the triennial valuation and to make an additional contribution to the deficit.



## OBJECTIVES AND ACTIVITIES (continued)

### Financial review (continued)

#### *Reserves policy (continued)*

The Academy's Scheme of Delegation gives responsibility to the Finance & Resources, Audit & Risk Committee for managing the investment of surplus funds. The investment policy and annual report is reviewed by this committee. The investment objectives are to:

- ◆ achieve the best financial return available whilst ensuring that maintaining the security of deposits takes precedence over revenue maximisation;
- ◆ invest funds that are surplus to operational need based on all financial commitments being met without the Academy bank account becoming overdrawn; and
- ◆ manage asset risk through diversification of investments.

In complying with its policy, the Academy ensures that all investment decisions are exercised with care and skill and consequently are taken in the best interests of the Academy, whilst commanding broad public support.

## PRINCIPAL RISKS AND UNCERTAINTIES

Corporate risks are recorded in a Risk Register for review by the Board of Trustees. The Register quantifies the likelihood of each risk occurring and the impact of the risk on the Academy's operations should it occur. High scoring risks are categorised as 'red risks' and subject to close monitoring by the leadership and Trustees. This year, the following risks have been identified as red risks:

Risk	Actions being taken to manage the risk
<p>Covid-19</p> <ul style="list-style-type: none"><li>• There is an increase in safeguarding issues across the primary and secondary phases since Covid and this is taking up considerable amount of staff time.</li><li>• Closing pupil learning gaps as a result of the disruption to learning caused by Covid.</li><li>• Deterioration in attendance following Covid</li><li>• Re-establishing normal teaching and other routines after the disruption caused by Covid.</li></ul>	<p>Giving increased emphasis to staff training on student safeguarding and issuing regular bulletins.</p> <p>Monitoring student well-being and developing strategies to support students.</p> <p>Using two new classrooms in the Gatehouse for "offsite" learning and support.</p> <p>Identifying gaps across the curriculum in pupil learning and taking steps to fill these with small group tutoring as appropriate.</p> <p>Giving a greater focus to monitoring attendance and decreasing persistent absence.</p>

Risk	Actions being taken to manage the risk
Demographic change is affecting pupil numbers in Secondary and Primary phases. The number of students on roll is an important indicator because the Academy's funding is pupil led.	<p>In Primary, strategies are in place to work directly with local nurseries to attract parents looking for places in Reception for the following September. In addition, we are very aware of the importance to parents of good KS1 and KS2 examination results and are working successfully towards these. We are currently working on a programme of bringing parents into school to experience the best that we have to offer.</p> <p>Strategies are in place to attract Year 11 students to apply to Post 16. As the growth in pupil numbers moves up the school, Post 16 should benefit from increased numbers.</p>

Risk	Actions being taken to manage the risk
An increasing risk of viruses infecting the IT Network and of cyber-crime resulting in fraudulent payments.	<p>The IT Helpdesk Manager has completed Cyber Essentials Audit recommended by the National Cyber Security Centre and we are implementing the findings. Staff are being trained to mitigate this risk and policies and controls are being updated. Multi-factor authentication has been introduced for when staff log onto a new device. New guidance has been produced on improving passwords and will be rolled out to staff. There is an internet resilience line (in the event of internet failure). Cyber Security Recovery Plan is being drafted and reviewed by ALT. Cloud back up arrangements are under review.</p>

### FUNDRAISING

The Academy has held a few small fundraising events during the year such as Popcorn party, Harvest festival, Christmas jumper day, Red Nose Day and Primary number day. The Academy does not work with professional fundraisers or companies who carry out fundraising on its behalf. The fundraising is normally for named charities.

### PLANS FOR FUTURE PERIODS

The Academy continues to strive to deliver on its strategic aims for providing an excellent education for all students in an inclusive way. The Academy is aiming to achieve an outstanding Ofsted rating as confirmation it has met these aims and is fully meeting the needs of children from the ages of 3 to 18.

## **Trustees' report** Year to 31 August 2022

Our core aims, which feature in our Academy Improvement Plan, include securing excellent outcomes from starting points, improving pupil attendance across all phases, decreasing persistent absence, and building on the Academy's reputation within the local community so that ARA is a 'first choice' school. Our plans for the coming years include the following:

- ◆ creating an innovative all through curriculum,
- ◆ embedding effective transition for all phases,
- ◆ focussing on improving student attendance,
- ◆ using IT to facilitate a range of teaching and learning methods,
- ◆ improving communications and marketing of the Academy to the local community through reaching out to parents, feeder primaries and nurseries.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

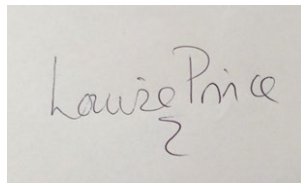
No funds are held as a custodian trustee.

**AUDITOR**

In so far as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, approved by order of the members of the Board of Trustees and signed on its behalf by:

A photograph of a handwritten signature in dark ink on a light-colored surface. The signature reads "Louise Price" in a cursive, flowing script. The name "Louise" is written on the top line, and "Price" is written on the line below it, with a small flourish underneath.

Chair of Trustees

Date: 7 December 2022

### **Scope of responsibility**

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

The Board of Trustees has delegated the day-to-day responsibility to the Principal and Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the Academy 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**

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for 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. Whilst it has met fewer than six times advocated by the Academies Trust Handbook, the Trustees are of the opinion that that they have been able to maintain sufficient oversight of the Academy Trust's finances through the establishment of three sub-committees: Education, Finance & Resources and Audit & Risk, and Human Resources committees, to which responsibilities have been formally delegated in the Scheme of Delegation. The purpose of the sub-committees is to assist the decision-making of the full Board of Trustees by enabling more detailed consideration of the Academy's operations. The committees draw any matters of significance or concern to the attention of the full Board of Trustees. The strategic business of the Board of Trustees is identified and programmed across the four meetings.

During the year, Baba Abu who was chair of Finance & Resources and Audit & Risk Committee, resigned his role as trustee but has continued to be a member of the Academy. This is consistent with the guidance from the Department of Education which expresses a preference that the majority of members should be independent of the Board. The Academy now has four members.

**Governance** (continued)

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

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Louise Prince (Chair)	3	4
Baba Abu	3	3
Dee Morrison	4	4
Phil Mead (Vice Chair)	3	4
Phil Cosby	4	4
Dee Martin	3	4
Christopher Gliddon	4	4
Jasdeep Singh Rehal	1	1
*Sofina Bhatti	0	4
Emma Price	1	2
Lucie Hernandez	4	4
Sara Hasan	1	2
Jane Wotherspoon	1	1
Gagandeep Sethi	3	3
Megan Dick	3	4
Pratik Shah	2	2

*\* Trustee on maternity leave*

**Conflicts of interest**

The Academy maintains a register of business interests for trustees, members and senior leadership and publishes this on its website. The register is kept up to date and all trustees who join during the year are asked to complete a declaration of interests. This identifies any potential conflicts of interest between trustees and their related parties and the Academy. In addition, the meetings of the Trust Board and its committees commence with a declaration of any interests for items on the agenda. These arrangements cover the Subsidiary as well as the Academy.

**Governance reviews**

The Board of Trustees has continued to review its involvement in the operations of Academy and its strategic direction, and trustees have extended their involvement by partnering curriculum and other areas and taking the lead for policy areas. This has increased the impact and effectiveness of the Board of Trustees in understanding the operational challenges. Trustee skill sets have been reviewed and new trustees with appropriate skills recruited as necessary. For instance, we have recently recruited to the Board trustees with experience of secondary schools and our local community. These were perceived gaps in the competencies of the Board.

The Board has three committees: Education, Finance & Resources and Audit & Risk, and Human Resources, to which responsibilities have been formally delegated in the Scheme of Delegation. In December 2021 the Board of Trustees decided to combine the Finance & Resources and Audit & Risk committees into one committee to comply with specific requirements in the Academy Trust Handbook.

**Governance reviews (continued)**

The Finance & Resources and Audit & Risk Committee assists the Board's decision making, by giving more detailed consideration to financial areas, controls and audit arrangements including recommending the appointment of the external and internal auditors and to review their audit and internal scrutiny reports, which the Board is responsible for. This supports the sound management of the Academy's finances, resources, audit and risk including proper planning, monitoring and probity.

**Finance & Resources and Audit & Risk committee attendance**

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of possible</b>
Baba Abu	2	2
Phil Cosby	4	4
Phil Mead	4	4
Gagandeep Sethi	3	3
Sara Hasan	2	2

The Audit & Risk Committee met once before combining with the Finance & Resources Committee to become Finance & Resources and Audit & Risk Committee.

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
Baba Abu	1	1
Phil Mead	1	1

**Review of Value for Money**

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

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

- ◆ Continuing to make effective use of information about student progress for teachers to use to close the attainment gaps and tailor teaching approaches and interventions, motivate students and to involve and inform parents and carers.
- ◆ Collaborating with other schools through the Ealing Learning Partnership and the PiXL Club, Partners in Excellence. PiXL is a partnership of primary through to post 16 academies and aims to share best practice, raise educational standards and develop character in young people.
- ◆ Identifying savings through rigorous uptake of competitive quotes, retendering of contracts, and energy efficiency measures. The Government's framework contracts are used to obtain competitive contracts wherever possible and appropriate including purchase of energy and IT hardware.

**Review of Value for Money (continued)**

- ◆ The Academy has fixed term contracts for electricity and gas which are providing protection during the current period of price increases and volatility. For example, the gas contract was fixed in January 2020 for 3 years when prices were low, so saving in some £80,000 in 2021/22. There has also been a signification saving in electricity due to the price increase estimated at £60,000. The strategy to reduce energy costs has been progressed through the installation of 360 solar panels over the summer which is expected to reduce our energy costs by £35,000 per annum (at current prices) over 25-year lifespan of the panels. The Academy's Energy Display certificate for 2021/22 provides independent confirmation of our energy usage, showing a continued improvement and ranking at operational performance level C, green, and above average for the building.
- ◆ This year £19,000 was saved on recruitment fees despite a reduced budget, due to the Academy handling all its recruitment.
- ◆ Income has been generated through using the Academy site for filming, external sports lettings, events and hospitality services for staff and students. In 2022 the Navratri festival returned to the Academy, and over 5,000 people visited the Academy over 6 nights.

**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 the Alec Reed Academy and Group's 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 Alec Reed Academy and Group for the year ended 31 August 2022 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 Alec Reed Academy and Group is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Alec Reed Academy and Group's significant risks that has been in place for the year ending 31 August 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.



### **The risk and control framework**

The Alec Reed Academy and Group's system of internal financial control is based on a framework of regular management information and procedures including the segregation of duties and a system of delegation and accountability. It includes:

- ◆ comprehensive budgeting and monitoring systems with an annual budget, medium term financial forecast which are reviewed and agreed by the Board of Trustees;
- ◆ monthly management accounts monitoring financial performance against the forecasts, major purchase plans, capital works and expenditure programmes, all reviewed by the Finance & Resources, Audit & Risk Committee;
- ◆ oversight of internal controls by the Finance & Resources and Audit & Risk Committee;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ benchmarking financial performance with similar academies using data provided by the ESFA;
- ◆ delegation of authority and segregation of duties; and
- ◆ identification and management of risks.

The Board of Trustees has appointed Stephen Meredith from Alliotts Chartered Accountants to perform an Internal Scrutiny function reviewing the control environment and regulatory structure of the Academy based upon a program designed to review all significant financial and other control processes. The appointment is compliant with the revised FRC Ethical Standard and the role includes giving advice on financial matters and performing a range of checks on the Alec Reed Academy and Group's financial systems. The checks carried out last year included a review of capital projects and payroll procedures and controls. In the current period Alliotts reviewed:

- ◆ IT policies and procedures relevant to the systems and data protection, software licenses, computer security and the impact of IT system breakdowns; and
- ◆ the budgetary processes, forecasting and monitoring through management accounts.

Stephen Meredith reported in May 2022 and concluded "From the work that we have carried out, our assessment indicates that the academy has sound controls with appropriate review, authorisation and approval procedures and has sound processes around budgeting." Recommendations were made to finalise the Cyber Security Plan and to test the effectiveness of the backup arrangements on a regular basis. The E-safety policy on the website also needed updating.

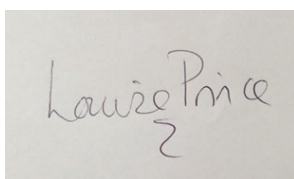
**Review of effectiveness**

As Accounting Officer, the Acting Principal and 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 scrutiny programme;
- ◆ the work of the external auditor;
- ◆ the financial management and governance self-assessment process;
- ◆ the review of the Finance & Resources and Audit & Risk Committee; and
- ◆ the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control and plans to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees and signed on their behalf by:

A handwritten signature in blue ink that reads "Louise Price" with a stylized flourish underneath.

(Chair of Trustees)

A handwritten signature in blue ink, appearing to be "Paul Goby", with a long horizontal line extending from the end.

(Accounting Officer)

Date: 7 December 2022

## **Statement of regularity, propriety and compliance 31 August 2022**

As Accounting Officer of The Alec Reed Academy, I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Academy Trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2021.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academy Trust Handbook 2021.

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

A handwritten signature in blue ink, appearing to read 'Paul Gossby', with a long horizontal stroke extending to the right.

Accounting Officer

Date: 7 December 2022

## Statement of Trustee's responsibilities 31 August 2022

The Trustees (who act as trustees for the charitable activities of the Academy and are also the directors of the Academy for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued 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 Academy and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

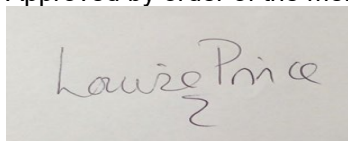
- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in the Charities' SORP (FRS 102) and the Academies Accounts Direction 2021 to 2022;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Academy will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Academy's transactions and disclose with reasonable accuracy at any time the financial position of the Academy 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 Academy 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 Academy applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the Academy'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 and signed on its behalf by:

A rectangular box containing a handwritten signature in dark ink. The signature appears to read 'Louise Prince' with a stylized flourish at the end.

Chair of Trustees

Date: 7 December 2022

**Independent auditor's report to the members of The Alec Reed Academy**

**Opinion**

We have audited the financial statements of The Alec Reed Academy (the 'charitable parent company') and its subsidiary (the 'group') for the year ended 31 August 2022 which comprise the group statement of financial activities, the group and charitable parent company balance sheets, the group statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP 2019) and the Academies Accounts Direction 2021 to 2022.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 August 2022, and of the group's income and expenditure for the period then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2021 to 2022.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

**Conclusions relating to going concern** (continued)

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

**Other information**

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

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

We have nothing to report in this regard.

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

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

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

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

In the light of the knowledge and understanding of the group and the charitable parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the governors' 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 by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the charitable parent company financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of governors' remuneration specified by law are not made; or

**Matters on which we are required to report by exception** (continued)

- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the governors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the governors' report and from the requirement to prepare a strategic report.

**Responsibilities of governors**

As explained more fully in the governors' responsibilities statement, the governors (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 governors 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 governors are responsible for assessing the group's and the charitable parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless governors either intend to liquidate the group or the charitable parent company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- ◆ we identified the laws and regulations applicable to the group through discussions with management, and from our knowledge of the academy trust sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;

**Auditor's responsibilities for the audit of the financial statements** (continued)

- ◆ we considered the legal and regulatory frameworks that are applicable to the group and determined that the most significant are the Companies Act 2006, the Charities SORP 2019, the Academies Accounts Direction 2021 to 2022, the Academy Trust Handbook 2021, and the academy trust's funding agreement with the ESFA as well as legislation pertaining to safeguarding in the UK;
- ◆ we understood how the group is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of the minutes of governors' meetings and the subsidiary company directors' meetings and papers provided to the governors and directors.
- ◆ we planned and carried out a separate limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reviewing the minutes of governors' meetings and subsidiary company directors' meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims;



**Auditor's responsibilities for the audit of the financial statements (continued)**

- ◆ reviewing any available correspondence with Ofsted, ESFA and HMRC; and
- ◆ the work undertaken in relation to the limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. International Standards on Auditing also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the governors and other management and the inspection of regulatory and legal correspondence, if any.

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 auditor's report.

**Use of our report**

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

A handwritten signature in black ink that reads "Buzzacott LLP". The signature is written in a cursive, flowing style.

Date: 16.12.2022

Hugh Swainson (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street

London

EC2V 6DL

**Independent reporting accountant's assurance report on regularity to The Alec Reed Academy and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 6 October 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Alec Reed Academy during the period from 1 September 2021 to 31 August 2022 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 Alec Reed Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Alec Reed Academy and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Alec Reed Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of The Alec Reed Academy's Accounting Officer and the reporting accountant**

The Accounting Officer is responsible, under the requirements of The Alec Reed Academy's funding agreement with the Secretary of State for Education dated 17 June 2003 and the Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. 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 period from 1 September 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA.

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

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

**Approach** (continued)

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

The work undertaken to draw to our conclusion includes:

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

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

A handwritten signature in dark ink that reads "Buzzacott LLP". The signature is written in a cursive, flowing style.

Hugh Swainson (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

**Consolidated statement of financial activities (including income and expenditure account)**  
Year to 31 August 2022

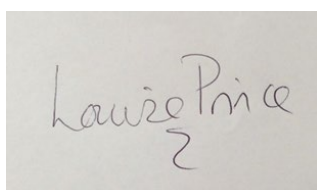
		Unrestricted general fund £'000	Restricted funds		2022 Total funds £'000	2021 Total funds £'000
	Notes		General £'000	Fixed assets fund £'000		
<b>Income from:</b>						
Donations and capital grants	2	—	—	79	<b>79</b>	147
Charitable activities						
. Funding for the academy's educational operations	3	—	11,977	—	<b>11,977</b>	11,901
Other trading activities	4	1,020	—	—	<b>1,020</b>	590
Investment income	5	7	—	—	<b>7</b>	10
<b>Total income</b>		<b>1,027</b>	<b>11,977</b>	<b>79</b>	<b>13,083</b>	<b>12,648</b>
<b>Expenditure on:</b>						
Raising funds	6	835	—	—	<b>835</b>	632
Charitable activities						
. Academy's educational operations	6,7	—	12,447	1,189	<b>13,636</b>	13,120
<b>Total expenditure</b>		<b>835</b>	<b>12,447</b>	<b>1,189</b>	<b>14,471</b>	<b>13,752</b>
<b>Net (expenditure) before other recognised gains and losses</b>		<b>192</b>	<b>(470)</b>	<b>(1,110)</b>	<b>(1,388)</b>	<b>(1,104)</b>
<b>Transfers between funds</b>	16	—	(324)	324	<b>—</b>	<b>—</b>
<b>Other recognised gains and losses</b>						
Actuarial gains on defined benefit pension scheme	20	—	5,229	—	<b>5,229</b>	551
<b>Net movement in funds</b>		<b>192</b>	<b>4,435</b>	<b>(786)</b>	<b>3,841</b>	<b>(553)</b>
<b>Reconciliation of funds</b>						
Total fund balances brought forward at 1 September 2021		2,223	(4,163)	34,858	<b>32,918</b>	33,471
<b>Total fund balances carried forward at 31 August 2022</b>		<b>2,415</b>	<b>272</b>	<b>34,072</b>	<b>36,759</b>	<b>32,918</b>

All of the group's activities are continuing operations. All gains and losses are included in the Statement of Financial Activities.

## Balance sheets 31 August 2022

	Notes	2022		2021	
		Group £'000	Academy £'000	Group £'000	Academy £'000
<b>Fixed assets</b>					
Tangible fixed assets	13	<b>34,169</b>	<b>34,169</b>	34,933	34,933
		<b>34,169</b>	<b>34,169</b>	34,933	34,933
<b>Current assets</b>					
Debtors	14	<b>380</b>	<b>503</b>	286	357
Cash at bank and in hand		<b>4,305</b>	<b>4,235</b>	4,242	4,171
		<b>4,685</b>	<b>4,738</b>	4,528	4,528
<b>Liabilities</b>					
Creditors: amounts falling due within one year	15	<b>(1,277)</b>	<b>(1,277)</b>	(1,177)	(1,177)
<b>Net current assets</b>		<b>3,408</b>	<b>3,461</b>	3,351	3,351
<b>Net assets excluding pension scheme liability</b>		<b>37,577</b>	<b>37,630</b>	38,284	38,284
Defined benefit pension scheme liability	20	<b>(818)</b>	<b>(818)</b>	(5,366)	(5,366)
<b>Total net assets</b>		<b>36,759</b>	<b>36,812</b>	32,918	32,918
<b>Funds of the Academy</b>					
Restricted income funds					
. Fixed assets fund	16	<b>34,072</b>	<b>34,072</b>	34,858	34,858
. General fund	16	<b>1,090</b>	<b>1,090</b>	1,203	1,203
. Pension reserve	16	<b>(818)</b>	<b>(818)</b>	(5,366)	(5,366)
		<b>34,344</b>	<b>34,344</b>	30,695	30,695
<b>Unrestricted funds</b>					
. General fund	16	<b>2,415</b>	<b>2,468</b>	2,223	2,223
<b>Total funds</b>		<b>36,759</b>	<b>36,812</b>	32,918	32,918

The financial statements on page 34 to 60 were approved by the Governors, and authorised for issue and are signed on their behalf by:



Chair of Governors  
The Alec Reed Academy  
Company Limited by Guarantee  
Registration Number: 04444278 (England and Wales)

Date: 7 December 2022

## Consolidated statement of cash flows Year to 31 August 2022

		2022 £'000	2021 £'000
<b>Net cash inflows from operating activities</b>			
Net cash provided by operating activities	A	402	827
<b>Capital expenditure and financial investment</b>	B	(339)	(383)
<b>Change in cash and cash equivalents in the year</b>		63	444
<b>Cash and cash equivalents at the start of the year</b>		4,242	3,798
<b>Cash and cash equivalents at the end of the year</b>	C	4,305	4,242

### A Reconciliation of net expenditure to net cash flow provided by operating activities

	2022 £'000	2021 £'000
<b>Net expenditure for the year (as per the statement of financial activities)</b>	(1,388)	(1,104)
<b>Adjusted for:</b>		
Depreciation	1,189	1,155
Capital grants from DfE and other capital income	(79)	(36)
Interest receivable	(7)	(10)
Defined benefit pension scheme cost less contributions payable	576	443
Defined benefit pension scheme finance cost	105	109
Decrease (increase) in debtors	(94)	143
Increase in creditors	100	127
<b>Net cash provided by operating activities</b>	402	827

### B Cash flows from investing activities

	2022 £'000	2021 £'000
Purchase of tangible fixed assets	(425)	(429)
Dividends, interest and rents from investments	7	10
Capital grants from DfE Group	79	36
<b>Net cash used in investing activities</b>	(339)	(383)

### C Analysis of cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank and in hand	4,305	4,242
<b>Total cash and cash equivalents</b>	4,305	4,242

### D Analysis of changes in net debt

	At 1 September 2021 £'000	Cash flows £'000	At 31 August 2022 £'000
Cash	4,242	63	4,305
<b>Total</b>	4,242	63	4,305

### **Statement of accounting policies**

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

### **Basis of preparation**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), 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 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The accounts are presented in sterling and rounded to the nearest thousand.

### **Basis of consolidation**

The consolidated statement of financial activities and group balance sheet consolidate the financial statements of the company and those of its subsidiary made up at the balance sheet date.

No separate statement of financial activities has been presented for Alec Reed Academy alone, as permitted by section 408 of the Companies Act 2006 and the charities SORP FRS 102.

### **Going concern**

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

### **Income**

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

## **Income (continued)**

### ***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.

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

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. 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 academy trust has provided the goods or services.

## **Expenditure**

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

### ***Expenditure on raising funds***

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



## **Expenditure (continued)**

### ***Charitable activities***

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

All expenditure is stated net of recoverable VAT.

### **Tangible fixed assets**

Assets costing £2,500 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. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy's depreciation policy.

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

♦ Freehold buildings	30 - 50 years
♦ Plant and machinery	4 years
♦ Fixtures, fittings and equipment	4 - 20 years
♦ Computer equipment and software	3 years
♦ Motor vehicles	3 years

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

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.

### **Debtors**

Debtors are recognised at their settlement amount less any provision for non-recoverability. Prepayments are valued at the amounts prepaid.

### **Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

### **Liabilities**

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

### **Leased assets**

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

### **Financial instruments**

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

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments. Amounts due to the Academy's wholly owned subsidiary are held at face value less any impairment.

*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. 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. Amounts due from the Academy's wholly owned subsidiary are held at face value less any impairment.

### **Taxation**

The Academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

### **Pensions benefits**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

### **Fund accounting**

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other grants received from the Education and Skills Funding Agency and Department for Education.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, the London Borough of Ealing.

**Critical accounting estimates and areas of judgement**

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

***Critical accounting estimates and assumptions***

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

The useful economic lives of tangible fixed assets held by the Academy have been estimated as disclosed on page 39.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

***Critical areas of judgement***

The trustees have considered the recoverability of amounts owed to the Academy by its wholly owned subsidiary, Alec Reed Academy Enterprises and have made the decision to provide against this debt to the extent that the subsidiary had assets available to make repayment (after considering all other liabilities) at 31 August 2022.

No other judgements have been made which have had a significant impact on the preparation of these financial statements.

## 1 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the Academy Trust was subject to limits at 31 August 2022 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The Academy Trust has not exceeded these limits during the year ended 31 August 2022.

## 2 Donations and capital grants

	Unrestricted funds £'000	Restricted fixed assets funds £'000	<b>2022 Total funds £'000</b>	2021 Total funds £'000
Capital grants	—	35	<b>35</b>	36
Donated fixed assets	—	44	<b>44</b>	111
	—	79	<b>79</b>	147

	<i>Unrestricted funds £'000</i>	<i>Restricted fixed assets funds £'000</i>	<i>2021 Total funds £'000</i>
<i>Capital grants</i>	—	36	36
<i>Other donations</i>	—	111	111
	—	147	147

### 3 Funding for academy's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2022 Total funds £'000	2021 Total funds £'000
<b>DfE/ESFA revenue grants</b>				
. General Annual Grant (GAG) (note 1)	—	10,285	<b>10,285</b>	10,110
. Other DfE/ESFA grants				
UIFSM	—	68	<b>68</b>	110
Pupil Premium	—	681	<b>681</b>	667
Others	—	159	<b>159</b>	21
	—	11,193	<b>11,193</b>	10,908
<b>Other Government grants</b>				
. Local Authority grants	—	607	<b>607</b>	679
	—	607	<b>607</b>	679
<b>COVID-19 additional funding (DfE/ESFA)</b>				
Catch-up/ recovery premium	—	90	<b>90</b>	114
Other DfE/ESFA COVID-19 funding	—	70	<b>70</b>	130
	—	160	<b>160</b>	244
<b>Exceptional government funding</b>				
Coronavirus job retention scheme grant	—	—	<b>—</b>	25
Other coronavirus funding	—	17	<b>17</b>	45
	—	17	<b>17</b>	70
<b>2022 total funds</b>	—	11,977	<b>11,977</b>	11,901

The academy received £90,000 (2021: £114,000) funding for catch-up/recovery premium and costs incurred in respect of this funding totalled £79,000 (2021: £81,000), with the remaining £44,000 (2021: £33,000) to be spend in 2022/23.

The funding received is shown above under “exceptional government funding”.

- ♦ The academy trust furloughed its hospitality and community sports centre staff under the government's CJRS. The funding received of £nil (2021: £25,000) relates to staff costs in respect of no staff (2021:13) which are included within note 8 below as appropriate.
- ♦ The funding received for coronavirus exceptional support covers £17,000 (2021: £45,000) of mass testing costs. These costs are included in notes 6 and 7 below as appropriate.

Further during the year the academy trust received £18,000 (2021: £11,000) for the Post 16 academic tuition, £nil (2021: £59,000) for free school meals support and £38,000 (2021: £7,000) for national tutoring grant.

**3 Funding for academy's educational operations (continued)**

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000
<b>DfE/ESFA revenue grants</b>			
. General Annual Grant (GAG) (note 1)	—	10,110	10,110
. Other DfE/ESFA grants			
UIFSM	—	110	110
Pupil Premium	—	667	667
Others	—	21	21
	—	10,908	10,908
<b>Other Government grants</b>			
. Local Authority grants	—	679	679
	—	679	679
<b>COVID-19 additional funding (DfE/ESFA)</b>			
Catch-up Premium	—	114	114
Other DfE/ESFA COVID-19 funding	—	130	130
	—	244	244
<b>Exceptional government funding</b>			
Coronavirus job retention scheme grant	—	25	25
Coronavirus exceptional support	—	—	—
Provision for funding clawback	—	—	—
Other coronavirus funding	—	45	45
	—	70	70
<b>2021 total funds</b>	—	11,901	11,901

**4 Other trading activities**

	Unrestricted funds £'000	2022 Total funds £'000	2021 Total funds £'000
Hire of facilities	71	71	14
Trip income	40	40	8
Miscellaneous income	84	84	57
Uniform sales	48	48	53
Community Sports Centre income	101	101	7
Adult Education Centre income	5	5	5
Catering income	455	455	238
Facilities used by John Chilton School	216	216	208
	1,020	1,020	590

## Notes to the Consolidated financial statements Year to 31 August 2022

### 4 Other trading activities (continued)

	Unrestricted funds £'000	2021 Total funds £'000
Hire of facilities	14	14
Trip income	8	8
Miscellaneous income	57	57
Uniform sales	53	53
Community Sports Centre income	7	7
Adult Education Centre income	5	5
Catering income	238	238
Facilities used by John Chilton School	208	208
	<b>590</b>	<b>590</b>

### 5 Investments

	Unrestricted funds £'000	2022 Total funds £'000	2021 Total funds £'000
Interest receivable	7	7	10

	Unrestricted funds £'000	2021 Total funds £'000
Interest receivable	10	10

### 6 Expenditure

	Staff costs £'000	Non pay expenditure		2022 Total funds £'000	2021 Total funds £'000
		Premises £'000	Other costs £'000		
Expenditure on raising funds					
. Direct costs	274	22	254	550	489
. Allocated support costs	120	115	50	285	143
Academy's educational operations:					
. Direct costs	9,069	—	658	9,727	9,238
. Allocated support costs	1,645	1,579	685	3,909	3,882
	<b>11,108</b>	<b>1,716</b>	<b>1,647</b>	<b>14,471</b>	<b>13,752</b>
<b>Net expenditure for the year includes:</b>					
Depreciation				1,189	1,155
Fees payable to auditor for:					
. Statutory audit				13	13
. Other services				3	3



**6 Expenditure (continued)**

		<i>Non pay expenditure</i>		
	<i>Staff costs £'000</i>	<i>Premises £'000</i>	<i>Other costs £'000</i>	<i>2021 Total funds £'000</i>
<i>Expenditure on raising funds</i>				
. Direct costs	291	—	198	489
. Allocated support costs	79	26	38	143
<i>Academy's educational operations:</i>				
. Direct costs	8,670	—	568	9,238
. Allocated support costs	1,497	1,653	732	3,882
	<u>10,537</u>	<u>1,679</u>	<u>1,536</u>	<u>13,752</u>
<i>Net expenditure for the year includes:</i>				
<i>Depreciation</i>				1,155
<i>Fees payable to auditor for:</i>				
. Statutory audit				13
. Other services				3

**7 Charitable activities - academy's educational operations**

	<b>2022 Total funds £'000</b>	<b>2021 Total funds £'000</b>
Direct costs- educational operations	<b>9,727</b>	9,238
Support costs – educational operations	<b>3,909</b>	3,882
	<u><b>13,636</b></u>	<u>13,120</u>
<b>Analysis of support costs</b>	<b>2022 Total funds £'000</b>	<b>2021 Total funds £'000</b>
Support staff costs	<b>1,645</b>	1,497
Depreciation	<b>1,108</b>	1,155
Technology costs	<b>123</b>	151
Premises costs	<b>471</b>	499
Legal costs – other	<b>2</b>	2
Other support costs	<b>526</b>	517
Governance costs	<b>34</b>	61
<b>Total support costs</b>	<u><b>3,909</b></u>	<u>3,882</u>

## 8 Comparative information

Analysis of income and expenditure in the year ended 31 August 2021 between restricted and unrestricted funds:

	Notes	Unrestricted general fund £'000	Restricted funds		2021 Total funds £'000
			General £'000	Fixed assets fund £'000	
<i>Income from:</i>					
Donations and capital grants	2	—	—	147	147
Charitable activities					
· Funding for the academy's educational operations	3	—	11,901	—	11,901
Other trading activities	4	590	—	—	590
Investment income	5	10	—	—	10
<b>Total income</b>		<b>600</b>	<b>11,901</b>	<b>147</b>	<b>12,648</b>
<i>Expenditure on:</i>					
Raising funds	6	632	—	—	632
Charitable activities					
· Academy's educational operations	6,7	—	11,965	1,155	13,120
<b>Total expenditure</b>		<b>632</b>	<b>11,965</b>	<b>1,155</b>	<b>13,752</b>
<i>Net income / (expenditure) before other recognised gains and losses</i>		(32)	(64)	(1,008)	(1,104)
Transfers between funds	16	—	(207)	207	—
<i>Other recognised gains and losses</i>					
Actuarial gains on defined benefit pension scheme	20	—	551	—	551
<b>Net movement in funds</b>		<b>(32)</b>	<b>280</b>	<b>(801)</b>	<b>(553)</b>
<i>Reconciliation of funds</i>					
Total fund balances brought forward at 1 September 2020		2,255	(4,443)	35,659	33,471
<b>Total fund balances carried forward at 31 August 2021</b>		<b>2,223</b>	<b>(4,163)</b>	<b>34,858</b>	<b>32,918</b>

## 9 Staff

### (a) Staff costs

Staff costs during the year were:

	2022 Total funds £'000	2021 Total funds £'000
Wages and salaries	7,459	7,259
Social security costs	826	780
Pension costs	1,959	1,789
	<b>10,244</b>	<b>9,828</b>
Staff supply costs	864	709
	<b>11,108</b>	<b>10,537</b>

**9 Staff (continued)**

**(b) Staff numbers**

The average number of persons (including the Senior Management Team) employed by the charitable company during the year ended 31 August 2022 expressed as average headcount and full time equivalent ('FTE') were as follows:

<b>Charitable activities</b>	<b>2022 No.</b>	<b>2021 No.</b>
Teachers	<b>82</b>	81
Administration and support	<b>139</b>	133
Management	<b>10</b>	10
	<b>231</b>	224

<b>Charitable activities</b>	<b>2022 FTE</b>	<b>2021 FTE</b>
Teachers	<b>80</b>	80
Administration and support	<b>116</b>	118
Management	<b>10</b>	10
	<b>206</b>	208

**(c) Higher paid staff**

The number of employees whose emoluments fell within the following bands was:

	<b>Group 2022 No.</b>	<b>Group 2021 No.</b>
£60,001 - £70,000	<b>15</b>	15
£70,001 - £80,000	<b>1</b>	2
£80,001 - £90,000	<b>1</b>	—
£90,001 - £100,000	<b>2</b>	2
£110,001 - £120,000	<b>1</b>	1
£120,001 - £130,000	<b>—</b>	—

**(d) Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £490,567 (2021: £383,922).

## 10 Trustees' remuneration and expenses

The CEO and Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of CEO and Principal and staff and not in respect of their services as Trustees. Other trustees did not receive any payments, other than expenses, from the Academy in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

	2022 £'000	2021 £'000
P Cosby, (CEO and Principal)		
. Remuneration	110-115	110-115
. Employer's pension contributions	25-30	25-30
M Dick, Staff trustee		
. Remuneration	60-65	60-65
. Employer's pension contributions	15-20	15-20
S Bhatti, Staff trustee		
. Remuneration	35-40	50-55
. Employer's pension contributions	—	—

During the year ended 31 August 2022, travel and subsistence expenses totalling £35 (2021: £1,378) were reimbursed to one trustees (2021: two trustees).

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

## 11 Commercial trading operations

The charity has a wholly owned trading subsidiary, Alec Reed Academy Enterprise Limited, which is incorporated in the UK. This company managed and operated the Community Sports Centre and lettings.

	2022 £'000	2021 £'000
Turnover	122	11
Cost of sales	(29)	(13)
<b>Gross profit/ (loss)</b>	<b>93</b>	<b>(2)</b>
Administrative expenses	(45)	(2)
<b>Profit/ (loss) on ordinary activities before taxation</b>	<b>48</b>	<b>(4)</b>
Tax	—	—
<b>Profit/ (loss) on ordinary activities after taxation</b>	<b>48</b>	<b>(4)</b>

The assets and liabilities of the subsidiary were:

	2022 £'000	2021 £'000
Current assets	70	71
Creditors: amount falling due within one year	(125)	(174)
Total assets less current liabilities	(55)	(103)

## 12 Trustees' and Officers' Indemnity insurance

The Group has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

## 13 Tangible fixed assets

Group and Academy	Freehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total funds £'000
<b>Cost/valuation</b>					
At 1 September 2021	47,557	3,262	1,712	75	<b>52,606</b>
Additions	144	180	101	—	<b>425</b>
Disposals	—	(1)	—	—	<b>(1)</b>
At 31 August 2022	<u>47,701</u>	<u>3,441</u>	<u>1,813</u>	<u>75</u>	<b>53,030</b>
<b>Depreciation</b>					
At 1 September 2021	13,486	2,638	1,474	75	<b>17,673</b>
Charge in year	950	80	159	—	<b>1,189</b>
Disposals	—	(1)	—	—	<b>(1)</b>
At 31 August 2022	<u>14,436</u>	<u>2,717</u>	<u>1,633</u>	<u>75</u>	<b>18,861</b>
<b>Net book value</b>					
At 31 August 2022	<u><b>33,265</b></u>	<u><b>724</b></u>	<u><b>180</b></u>	<u>—</u>	<b>34,169</b>
At 31 August 2021	<u>34,071</u>	<u>624</u>	<u>238</u>	<u>—</u>	<u>34,933</u>

For the purposes of these financial statements, the land is deemed to have no commercial value.

As permitted by FRS 102, the Governors have adopted a policy of not revaluing tangible fixed assets and, under the transitional arrangements set out in FRS 102, with effect from 1 September 2014, the value assigned to the building is now deemed to be its cost.

## 14 Debtors

	Group 2022 £'000	Academy 2022 £'000	Group 2021 £'000	Academy 2021 £'000
Trade debtors	<b>104</b>	<b>104</b>	5	5
VAT recoverable	<b>56</b>	<b>56</b>	46	46
Amount due from subsidiary	<b>—</b>	<b>123</b>	—	71
Other debtors	<b>31</b>	<b>31</b>	10	10
Prepayments and accrued income	<b>189</b>	<b>189</b>	225	225
	<u><b>380</b></u>	<u><b>503</b></u>	<u>286</u>	<u>357</u>

**15 Creditors: amounts falling due within one year**

	<b>Group 2022 £'000</b>	<b>Academy 2022 £'000</b>	<b>Group 2021 £'000</b>	<b>Academy 2021 £'000</b>
Trade creditors	217	217	174	174
Taxation and social security	205	205	188	188
Other creditors	391	391	361	361
Accruals and deferred income	464	464	454	454
	<b>1,277</b>	<b>1,277</b>	<b>1,177</b>	<b>1,177</b>
<b>Deferred income</b>				
Deferred Income at 1 September 2021	163	163	113	113
Released during the year	(122)	(122)	(113)	(113)
Resources deferred in the year	69	69	163	163
Deferred Income at 31 August 2022	<b>110</b>	<b>110</b>	<b>163</b>	<b>163</b>

Included in the deferred income figure of £110,000 (2021: £163,000) was £70,000 (2021: £119,000) received in advance from the ESFA.

## 16 Funds

Group	Balance at 1 September 2021 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2022 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	1,170	10,285	(10,093)	(324)	<b>1,038</b>
Other DfE/ESFA grants	—	227	(227)	—	<b>—</b>
Pupil premium	—	681	(681)	—	<b>—</b>
Catch-up/ recovery premium	33	90	(71)	—	<b>52</b>
Other DfE/ESFA COVID-19 funding	—	87	(87)	—	<b>—</b>
Other grants	—	607	(607)	—	<b>—</b>
Pension reserve	(5,366)	—	(681)	5,229	<b>(818)</b>
	<u>(4,163)</u>	<u>11,977</u>	<u>(12,447)</u>	<u>4,905</u>	<u><b>272</b></u>
<b>Restricted fixed assets fund</b>					
DfE/ESFA capital grants	34,156	75	(1,185)	—	<b>33,046</b>
LA Capital Grants	—	4	(4)	—	<b>—</b>
Capital expenditure from GAG	702	—	—	324	<b>1,026</b>
	<u>34,858</u>	<u>79</u>	<u>(1,189)</u>	<u>324</u>	<u><b>34,072</b></u>
<b>Total restricted funds</b>	<u>30,695</u>	<u>12,056</u>	<u>(13,636)</u>	<u>5,229</u>	<u><b>34,344</b></u>
<b>Unrestricted funds</b>					
General funds	2,325	905	(762)	—	<b>2,486</b>
Alec Reed Academy Enterprise Limited	(102)	122	(73)	—	<b>(53)</b>
<b>Total unrestricted funds</b>	<u>2,223</u>	<u>1,027</u>	<u>(835)</u>	<u>—</u>	<u><b>2,415</b></u>
<b>Total funds</b>	<u>32,918</u>	<u>13,083</u>	<u>(14,471)</u>	<u>5,229</u>	<u><b>36,759</b></u>

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

### **ESFA revenue grant fund and other restricted funds**

#### *General Annual Grant (GAG)*

Under the funding agreement with the Secretary of State, the Academy Trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2022. Note 1 discloses that the limit has not been exceeded.

#### *Fixed assets fund*

The fixed assets fund represents the movement on fixed assets throughout the year. It is comprised of the net book value of tangible fixed assets and any unused capital funding.

#### *Unrestricted funds*

These represent those funds which can be used by the trustees' for any purpose that falls within the charitable objects of the Academy. It includes the net assets of Alec Reed Academy Enterprise Limited.

#### *Transfers*

A transfer of £324,000 (2021: £207,000) has been made from GAG to the fixed asset fund to purchase capital items.

**16 Funds (continued)**

**Comparative information**

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

Group	Balance at 1 September 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2021 £'000
<i>Restricted general funds</i>					
. General Annual Grant (GAG)	922	10,110	(9,655)	(207)	1,170
. Other DfE/ESFA grants	—	131	(131)	—	—
. Pupil premium	—	667	(667)	—	—
. Catch-up premium	—	114	(81)	—	33
. Other DfE/ESFA COVID-19 funding	—	130	(130)	—	—
. Coronavirus Job Retention Scheme grant	—	25	(25)	—	—
. Other COVID-19 funding (mass testing)	—	45	(45)	—	—
. Other grants	—	679	(679)	—	—
. Pension reserve	(5,365)	—	(552)	551	(5,366)
	<u>(4,443)</u>	<u>11,901</u>	<u>(11,965)</u>	<u>344</u>	<u>(4,163)</u>
<i>Restricted fixed assets fund</i>					
DfE/ESFA capital grants	35,164	140	(1,148)	—	34,156
LA Capital Grants	—	7	(7)	—	—
Capital expenditure from GAG	495	—	—	207	702
	<u>35,659</u>	<u>147</u>	<u>(1,155)</u>	<u>207</u>	<u>34,858</u>
<i>Total restricted funds</i>	<u>31,216</u>	<u>12,048</u>	<u>(13,120)</u>	<u>551</u>	<u>30,695</u>
<i>Unrestricted funds</i>					
. General funds	2,353	589	(617)	—	2,325
. Alec Reed Academy Enterprise Limited	(98)	11	(15)	—	(102)
<i>Total unrestricted funds</i>	<u>2,255</u>	<u>600</u>	<u>(632)</u>	<u>—</u>	<u>2,223</u>
<i>Total funds</i>	<u>33,471</u>	<u>12,648</u>	<u>(13,752)</u>	<u>551</u>	<u>32,918</u>



## 16 Funds (continued)

### Analysis of net assets between funds

Fund balances at 31 August 2022 are represented by:

<b>Group and Academy</b>	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	<b>Total 2022 £'000</b>	Total 2021 £'000
Tangible fixed assets	—	—	34,169	<b>34,169</b>	34,933
Current assets	2,415	2,270	—	<b>4,685</b>	4,528
Current liabilities	—	(1,180)	(97)	<b>(1,277)</b>	(1,177)
Pension scheme liability	—	(818)	—	<b>(818)</b>	(5,366)
<b>Total net assets</b>	<b>2,415</b>	<b>272</b>	<b>34,072</b>	<b>36,759</b>	32,918

Fund balances at 31 August 2021 are represented by:

<b>Group and Academy</b>	Unrestricted funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Fund £'000	Total 2021 £'000
Tangible fixed assets	—	—	34,933	34,933
Current assets	2,223	2,305	—	4,528
Current liabilities	—	(1,102)	(75)	(1,177)
Pension scheme liability	—	(5,366)	—	(5,366)
<b>Total net assets</b>	<b>2,223</b>	<b>(4,163)</b>	<b>34,858</b>	32,918

## 17 Capital Commitments

	<b>2022 £'000</b>	2021 £'000
Contracted for, but not provided in the financial statements	—	—

## 18 Commitments under operating leases

Operating leases

At 31 August 2022 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	<b>2022 £'000</b>	2021 £'000
Amounts due within one year	<b>5</b>	5
Amounts due between one and five years	—	5
	<b>5</b>	10

## 19 Members' Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

## 20 Pension and similar obligations

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

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

Contributions amounting to £158,000 were payable to the schemes at 31 August 2022 (2021: £152,000) and are included in creditors.

### ***Teachers' Pension Scheme***

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and 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.

### ***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.

## 20 Pension and similar obligations (continued)

### *Valuation of the Teachers' Pension Scheme (continued)*

The employer's pension costs paid to TPS in the period amounted to £886,649 (2021: £861,759).

A copy of the valuation report and supporting documentation is on the [Teachers' Pension Scheme website](#).

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

### *Local Government Pension Scheme (LGPS)*

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2022 and contribution to past service cost was £662,000 (2021: £623,000), of which employer's contributions totalled £496,000 (2021: £468,000) and employees' contributions totalled £166,000 (2021: £155,000). The agreed contribution rates are 17.40% for employers and between 5.5% and 12.5% for employees (the average being 6.5%).

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

	At 31 August 2022	At 31 August 2021
<b>Principal Actuarial Assumptions</b>		
Rate of increase in salaries	4.15%	4.0%
Rate of increase for pensions in payment / inflation	3.00%	2.8%
Discount rate for scheme liabilities	4.30%	1.7%
Inflation assumption (CPI)	2.90%	2.7%

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

	At 31 August 2022	At 31 August 2021
<i>Retiring today</i>		
Males	22.9	23.0
Females	25.0	25.1
<i>Retiring in 20 years</i>		
Males	24.4	24.7
Females	26.9	27.0

## 20 Pension and similar obligations (continued)

### **Local Government Pension Scheme (LGPS) (continued)**

The net (increase) / decrease in net pension liability as a result of changes to assumptions is as follows:

	<b>At 31 August 2022 £'000</b>	At 31 August 2021 £'000
Discount rate +0.1%	(233)	328
Discount rate -0.1%	238	—
Mortality assumption - 1 year increase	253	(551)
Mortality assumption - 1 year decrease	(248)	—
CPI rate +0.1%	238	(334)
CPI rate -0.1%	(233)	—

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

	<b>Fair value at 31 August 2022 £'000</b>	Fair value at 31 August 2021 £'000
Equities	6,601	7,136
Corporate bonds	2,527	2,890
Property	1,115	932
Cash and other liquid assets	228	318
Other	910	519
<b>Total market value of assets</b>	<b>11,381</b>	<b>11,795</b>
<b>Present value of scheme liabilities</b>		
Funded	(12,199)	(17,161)
<b>Deficit in the scheme</b>	<b>(818)</b>	<b>(5,366)</b>

The actual return on scheme assets was £862,000 (2021: £1,712,000).

	<b>2022 £'000</b>	2021 £'000
<b>Amounts recognised in statement of financial activities</b>		
Current service cost net of employer contribution	742	443
Net interest cost	105	109
<b>Total operating charge</b>	<b>847</b>	<b>552</b>
<b>Analysis of pension finance income/(costs)</b>		
Expected return on pension scheme assets	204	178
Interest on pension liabilities	(291)	(270)
<b>Pension finance income/(costs)</b>	<b>(87)</b>	<b>(92)</b>

## 20 Pension and similar obligations (continued)

### *Local Government Pension Scheme (LGPS) (continued)*

Changes in the present value of defined benefit obligations were as follows:	2022 £'000	2021 £'000
At 1 September	17,161	14,987
Current service cost	1,072	911
Interest cost	291	270
Employee contributions	166	155
Actuarial (gain) loss	(6,296)	982
Benefits paid	(195)	(144)
<b>At 31 August</b>	<b>12,199</b>	<b>17,161</b>

Changes in the fair value of the Academy's share of scheme assets:	2022 £	2021 £
At 1 September	11,795	9,622
Administration expenses	(18)	(17)
Interest income	204	178
Actuarial (loss) gain	(1,067)	1,533
Employer contributions	496	468
Employee contributions	166	155
Benefits paid	(195)	(144)
<b>At 31 August</b>	<b>11,381</b>	<b>11,795</b>

## 21 Related party transactions

Owing to the nature of the Academy's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which trustees have an interest. All transactions involving such organisations are disclosed in the Financial Statements and are conducted at arm's length and in accordance with the Academy's financial regulations and procurement procedures. In accordance with the Academy Trust Handbook, transactions above the de minimis of £2,500 are transacted at cost to the Academy.

Reed Foundation is the sponsor of Alec Reed Academy and has a 18% share in Reed Global Ltd. Reed Global is the Parent company of Reed Specialist Recruitment Ltd. The Academy had transactions with this company during the year.

- ◆ Phil Mead, Trustee, is an employee of Reed Education Ltd which is a subsidiary of Reed Specialist Recruitment Ltd which provided supply teachers with fees totalling £1,436 (2021: £2,840).

**22 Agency arrangements**

The academy trust distributed 16-19 bursary funds to students as an agent for ESFA. In the year ended 31 August 2022, the trust received £20,959 (2021: £16,441) and disbursed £32,318 (2021: £57,150) from the fund. At 31 August 2022, an amount of £10,007 (2021: £21,366) was included within current liabilities relating to undistributed funds.