

Registrar

Company Registration Number: 07552665 (England & Wales)

Coastal Academies Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2020

Coastal Academies Trust
(A Company Limited by Guarantee)

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Reference and Administrative Details of the Company, its Directors and Advisers
For the Year Ended 31 August 2020

Members	Mr. R. Curtis Mr. N.A. Smith Ms. S. Woodward
Directors	Mr. P. J. Luxmoore, Executive Headteacher (resigned as EH 31.08.20, remains as director) ¹ Mr. R. Curtis, Chair of the Board ¹ Mr. C. Argent ¹ (resigned 21.11.19) Mr. N. A. Smith, Chair of Finance Committee ¹ Mr D. Roberts ¹ Mr M. Emery Mrs C Murray (resigned 16.10.19) Ms M Hooper (appointed 16.10.19) Ms K Greig (appointed as Executive Headteacher 01.09.20) ¹
	¹ member of the Finance Committee

Company registered number 07552665

Principal and registered office King Ethelbert School
Canterbury Road
Birchington
Kent
CT7 9BL

Company secretary Mrs. J. Brace

**Senior management team
(at the date of approval)** Ms. K. Greig, Executive Headteacher of Coastal Academies Trust
Ms. V. Willis, Headteacher - King Ethelbert School
Mr. M. Jones, Headteacher - Dane Court Grammar
Ms. C. Whichcord, Headteacher - Cliftonville Primary School
Mr. M. Tate, Headteacher - Hartsdown Academy
Mrs. H. J. Russell, Chief Operations Manager
Mrs. J. Brace, Chief Financial Officer

Independent auditors UHY Kent LLP t/a UHY Hacker Young
Chartered Accountants
Registered Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Bankers Lloyds Bank plc
25 Gresham Street
London
EC2V 7HN

Coastal Academies Trust
(A company limited by guarantee)

Directors' Report
For the Year Ended 31 August 2020

The Directors present their annual report, together with the audited financial statements of Coastal Academies Trust (the Company) for the year ended 31 August 2020.

The Directors confirm that the annual report and financial statements of the Company comply with the current statutory requirements.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Coastal Academies Trust (CAT) is a company limited by guarantee and is an exempt charity. The Company's articles of association are the primary governing document. Funding for educational activities is governed by a master funding agreement between the Company and the Secretary of State for Education.

Principal activities

The principal objective of the company is the advancement of education for the public benefit through the operation of a group of academies.

The company's accounts for 2019/20 include the operation of 4 academies, Cliftonville Primary School, Dane Court Grammar School, Hartsdown Academy and King Ethelbert School.

CAT's academies have a combined pupil capacity of 3,911 and had a roll of 3,422 in July 2020.

Members

The initial Members of the Company were the signatories to the Memorandum of Association. Membership terminates automatically pursuant to Article 15d when any Member, also being a Director, ceases to be a Director.

Members' liability

Each Member of CAT undertakes to contribute to the assets of the Company in the event of it being wound up while they were a Member, or within one year after they cease to be a Member, such an amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a Member.

Directors

All Members of the Company are also Directors. Other Directors hold their office as the Chairman of the Local Governing Boards (Article 46d), appointed by Members (Article 46a) or co-opted by Directors (Article 58).

Directors' indemnities

Coastal Academies Trust maintains liability insurance for Directors which gives appropriate cover for any legal action brought against them. The Company has also granted indemnities to each of its Directors and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the year and remain in force, in relation to certain losses and liabilities which the Members, Directors and other officers may incur to third parties in the course of the acting on the Company's behalf.

Details of trustees' and officers insurance is provided in note 12.

Method of recruitment and appointment or election of Directors

The Articles of Association require the appointment of at least three Directors of the Company. Members may appoint up to eight Directors (Article 46a). The Chairman of each Local Governing Body is automatically registered as a Director (Article 46d). The Directors may also appoint up to three Co-opted Directors (Article 58).

Procedures adopted for the induction and training of Directors

Training and induction is tailored to new Directors as appropriate to their requirements and previous experience. The Company Directors have access to policies, procedures, minutes, budgets, accounts and other relevant plans and documents that they need to fulfil their role.

Directors' term of office

The term of office for any Director shall be four years save that:

- a) the term of office may be shorter than four years for any Director appointed by the Members under Article 46(a) if the Members determine this at the time of appointment of such a Director; or
- b) in the case of a Director appointed ex officio as a Chairman of Governors, his or her term of office should be for as long as they are a Chair of Governors.

Subject to remaining eligible to be a particular type of Director, any Director may be re-appointed or re-elected.

All Directors are also act as trustees for the purpose of charity law.

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Directors' Report
For the Year Ended 31 August 2020

Organisational Structure

The Directors have delegated the day-to-day governance of each academy to a Local Governing Board, established as a sub-committee of the Company Board. In the case of Dane Court Grammar School and King Ethelbert School, this has been a single group since the two schools federated in 2009. The Headteacher from each academy attends Board meetings.

Royal Harbour Academy is an associate member of CAT and its Chairman of Governors and Headteacher attend Board meetings. CAT has already been granted permission to sponsor Royal Harbour Academy and the conversion process is ongoing.

The Directors have established a Finance Committee as a sub-committee of the Company Board to co-ordinate and monitor the finances of the company.

Arrangements for setting pay and remuneration for key management personnel

The key management personnel of the academy trust comprise the Directors and senior management team as disclosed on page 1.

The remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the board. Naturally, the senior management team are not involved in the setting of their own remuneration package.

Only staff Directors, including the Executive Headteacher, are remunerated and these individuals only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as trustees. Specific disclosures concerning staff Directors' remuneration is included in note 11.

The day to day running of the remuneration policy is delegated to the Headteacher in each school and monitored by the Finance Committee. All details of setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed regularly by the board.

Remuneration of key management personnel is set at an individual level, and where possible the trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are, wherever possible, linked to pay spines, helping trustees conclude that each individual is remunerated at an appropriate level. As such salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

The board always bears in mind the charitable status of the academy trust and in recognition of this fact the trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensure the remuneration paid to senior management personnel never exceeds a reasonable amount that provides value for money to the trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 10(d).

Trade union facility time

Relevant union officials:

<u>Number of employees who were relevant union officials during the year</u>	<u>Full time equivalent employee number</u>
2	1.6

Percentage of time spent on facility time:

<u>Percentage of time</u>	<u>Number of employees</u>
0%	-
1%-50%	-
51%-99%	-
100%	2

Percentage of pay bill spent on facility time:

<u>Total cost of facility time (reclaimed back)</u>	£46,686
<u>Total pay bill</u>	£16,981,087
<u>Percentage of the total pay bill spent on facility time</u>	0.27%

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Trade union facility time - continued

Paid trade union activities:

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
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Connected organisations, including related parties

The only connected organization is the Dane Court School Parents Association (charity number 1023394).

Engagement with employees (including disabled persons)

The trust delegates the responsibility to the Executive Headteacher and Headteachers of each school to provide employees with information on matters of concern to them through staff briefings and other appropriate communication forums. Staff representatives sit on local school boards. The trust continues to recognise trade unions. Trust policies, which affect employee's interests, are consulted upon with both employees and their trade unions in order that the trust can consider employees' views in making decisions. The trust aims to encourage the involvement of employees in the company's performance and achieve a common awareness on the part of all employees of the factors affecting performance by delegating to the Headteachers and local school boards to disseminate information to their employees. This includes, but not limited to, student data, financial data as appropriate and School Plans for each academic year.

The trust is positive about disabled people and its policy is to interview those applicants with a disability where they meet the minimum requirements for the post. The trust would not treat disabled employees any less favourably in respect of training, career development or promotion.

Engagement with suppliers, customers and others in a business relationship with the trust

The trust delegates the responsibility to the Executive Headteacher and Headteachers of each school to foster the schools business relationships with key stakeholders including suppliers, customers and the wider community.

OBJECTIVES AND ACTIVITIES

The principal objective of CAT is to provide an outstanding education for students aged between 3 and 19. A more detailed summary is provided in each school's prospectus or on each school's website.

In accordance with the articles of association the academy trust has adopted a "Scheme of Government" (Master Funding Agreement) approved by the Secretary of State for Education. The Scheme of Government specifies, amongst other things, the basis for admitting students to the schools and that the curriculum should comply with the substance of the national curriculum.

The major outcomes for the year included raising the achievement of all students, improving the quality of teaching and maintaining a positive ethos.

Public benefit

The Company is state funded and strives to promote and support the advancement of education within Thanet. Each school has its own admissions criteria as set out in the Master Funding Agreement; Dane Court Grammar School selects students aged 11 to 19 who have passed the Kent Test; Hartsdown Academy is a non-selective 11-18 school, King Ethelbert School is a non-selective 11 to 16 school and Cliftonville Primary School admits children aged 3 to 11. For all schools the catchment area can vary but is determined by each school's admission criteria. The Company plays an active role in the local community including sporting activities, fund raising for charities and much more. The trust buildings and land are often available for community use outside of school hours.

The Directors acknowledge their duty in Section 4 of the Charities Act 2011 to have regard to the general and specific guidance on public benefit issued by the Charities Commission. We have referred to this guidance when reviewing our aims, strategy and plans for the future. All activities undertaken by the Company are for the public benefit.

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Directors' Report
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STRATEGIC REPORT

Achievements and performance

Academic performance of the Trust's academies during the year was as follows:

KS4 results				
School	Provisional Progress 8	Attainment 8	% L4 En and Ma	% L5 En and Ma
Dane Court	+0.35	66.1	100	86
Hartdown	-0.77	31.95	46	18
King Ethelbert	-0.10	43.62	59	33

IBDP results						
School	% students with 24 points or above			Average IB points		
	2020	2019	2018	2020	2019	2018
Dane Court	99	100	100	5.6	5.3	5.3

IBCP results									
School	% certificate awarded			% pass rate voc			Average IB points		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Dane Court	98	100	86		95	100	4.8	4.6	4.3
King Ethelbert	94	91	92	100	100	100	4.5	4.18	4.2
Hartdown	100	100	N/A	100	100	N/A	4.2	4.3	N/A

Cliftonville Primary School Attainment				
	2019		2018	
	Cliftonville	National	Cliftonville	National
R/W/M expected	64	65	59	54
R/W/M higher standard	8	11	3	6
Reading expected+	70	73	60	65
Reading higher standard	20	27	17	20
Writing expected +	75	78	72	69
Writing greater depth	11	20	6	14
Maths expected+	80	79	72	69
Maths higher standard	22	27	11	18
GPS expected+	72	78	73	70
GPS higher standard	21	36	26	25

There were no KS2 tests at primary schools due to Covid-19.

In addition to the above we have:

- Developed a Trust wide approach to Ofsted and used the 'Deep Dives' to monitor and track performance in all departments across all schools;
- Further developed cross trust support including specific projects in literacy and reading;
- Developed an aspiring middle leader programme as a precursor to the national Early Careers Framework for teaching staff; and
- Controlled expenditure at all schools to provide a stable financial footing for delivering education in future years, in the context of national austerity.

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Covid-19 Response

Capacity:

- The Trust followed national lockdown guidelines from 23 March 2020.
- All schools opened for key worker/vulnerable students from this date, and throughout all holidays until 22 July 2020.
- Staffing levels stayed the same at each school.
- Staff volunteered to be on a rota to 'cover' the key worker and vulnerable students. All staff worked from home unless they were covering the students on the rota.
- The Trust followed government guidance and all examination invigilators were paid on full pay despite the cancellation of all examinations. The Trust knew that invigilators could not be furloughed hence the decision to pay them.
- The Trust used the online platform Wonde to pay for free school meals for all eligible students initially and then moved over to Edenred as and when that system became usable.
- The Trust prepared all schools for Year 10, Year 12 and Year 6 coming back to school in June. This included items such as hand sanitizer stations, Perspex screens, new lidded bins, tissues, PPE equipment etc.
- All schools in the Trust were fully prepared for the return of students in June and proper social distancing measures were in place.
- All schools in the Trust had robust risk assessments as active documents throughout lockdown and these were updated using DfE guidelines weekly.
- All schools were ready for the full opening for all staff and students by 1 September 2020.
- Governance for all Trust schools was timely and appropriate with support from governing bodies and remote meetings instead of face to face.
- All schools in the Trust had safeguarding measures put into place to track and support the most vulnerable students throughout lockdown.
- The gaps between the poorest students and the rest has increased due to the lack of technology access at home. The Trust applied for laptops from the DfE and a total of 72 were awarded to the Trust.
- The Trust is working with all schools to create recovery plans for this academic year – where the students are and how they will catch up. These plans will be matched to the funding the schools receive for recovery.
- Schools were able to reclaim very specific Covid-19 costs in three limited areas of expenditure. Although all schools submitted claims, it is anticipated that only 2 will be successful totaling £30,815.

Productivity:

The schools followed DfE guidance throughout. KCC guidance was also used and all Kent Headteachers liaised/shared information (through KAH) to make sure best practice was followed and safety was paramount.

Evidence:

Full risk assessments are available as evidence.

Key performance indicators

Every board meeting Directors receive a pro forma from each school reporting on performance in Progress 8 (predicting exam outcomes compared to previous year), significant safeguarding, attendance, behaviour, staffing levels, premises and finance issues. Also every board meeting sees a report from the CAT finance committee which monitors each schools financial performance closely.

Each school aims to continue to recruit and retain students at their full published admission numbers. Dane Court Grammar School, King Ethelbert School and Cliftonville Primary School were all over subscribed in 2019/20.

The Trust has sought to maintain a cash balance that will enable each school to meet all expectations.

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Going concern

After making appropriate enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason it has adopted the going concern basis to prepare these Financial Statements.

Promoting the success of the company

The board in its decision making have consistently acted in a way to have regard to:

- ***The likely consequences of any decision in the long term***
All key decisions that will have an impact on the long-term future of the charity are discussed at the relevant sub-committee and board. For major and long running projects, the board receives regular updates to ensure that there is appropriate oversight and that appropriate action is taken where necessary.
- ***The interest of the company's employees.***
The impact of major decisions on staff are discussed by the board who also receive regular updates on staff pay, health & safety and safeguarding. The board receives a summary of the annual engagement survey which highlights both strengths and areas for potential improvement on employment matters and how these will be mitigated through specific actions.
- ***The need to foster the company's business relationships with suppliers, customers and others***
The board receives information on high level issues arising from relationships with suppliers or other stakeholders. The board as appropriate discusses the nature of the relationships it wants with key stakeholders and the wider school community and there are clear processes for engagement through social media platforms and open events.
- ***The impact of the company's operations on the community and the environment***
CAT's key objective is to provide education for students within the Trust. The board receives regular updates in terms of the monitoring of the funds received from the ESFA and that they are used efficiently and effectively.
- ***The desirability of the Trust maintaining a reputation for high standards of business conduct***
The nature of CAT's work as a charity makes the maintenance of its reputation for keeping high standards of particular importance. Appropriate systems and processes are in place to ensure the highest standards of education are maintained. The executive team will also update the board with any matters that may have given rise to a reputational risk including any mitigating actions being taken.
- ***The need to act fairly as between members of the company***
The academy trust is an independent entity. As a limited by guarantee company the trust has members, and at 31 August 2020 had 3 members. Members all have equal voting rights. As responsibility to conduct the trust's business sits with the trustees, the members adopt an 'eyes on and hands off' to avoid compromising the board's discretion.

FINANCIAL REVIEW

Financial review and position

Most of the academy trust's recurrent income is obtained from the ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA"). Core grant income has been supplemented by capital funding, and various other income streams.

Total income for the year was £30.4m compared to £20.8m in the previous year. The principal reason for this overall increase is that this year's figure includes a £10.2m donation to reflect the value of the completed new building at Hartsdown Academy, treated as a gift from the ESFA who managed the build until handover at completion.

Excluding this one-off grant and other capital income the trust's revenue income for day to day running of its academies was £20.1m compared to £20.5m in 2018/19. Core General Annual Grant (GAG) funding was at a similar level to the previous year at £16.5m.

Other DfE/ESFA grant funding, which also includes pupil premium and universal infant free school meals funding, increased by just over £500k. This included £668k funding from the new Teachers' Pension Employer Contribution Grant and supplementary fund introduced to cover the cost of the increase in the employer contribution rate of the Teachers' Pension Scheme (TPS) from 16.4% to 23.6%, from September 2019.

Other government grant income reduced from £1.4m to £800k. The prior year included a one-off local authority grant of £800k. There was also a significant reduction to other educational funding as a result of the Covid-19 pandemic. School trips were cancelled over the summer resulting in a drop in trip income (with a corresponding fall in related expenditure) and catering income fell.

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For the Year Ended 31 August 2020

Total expended resources for 2019/20 were £22.5m resulting in net income for the year of £8m (2019: net expenditure of £1.6m), as shown on the SoFA. The overall net movement in funds, after actuarial movements on the Local Government defined benefit pension scheme ("LGPS"), was an increase of £6.6m (2019: reduction of £3.2m). It is important to note that this overall movement in funds does not reflect the meaningful operational result and includes movements that do not relate to day-to-day running of the trust's academies.

The reduction on revenue funds can be seen after excluding movements on tangible fixed assets and the LGPS defined benefit pension liability. The table below reconciles from the total movement per the SoFA to the £305k (2019: £18k) reduction in revenue funds during the year. The 'operational deficit' prior to transfers from revenue to capital is also shown:

	2020 (£000s)	2019 (£000s)
Overall net movement in funds for the year per SoFA	6,620	(3,204)
<u>Add:</u>		
(Increase) / decrease attributable to fixed asset fund	(9,060)	850
LGPS actuarial loss	1,330	1,566
LGPS service and interest costs	805	770
Decrease in revenue funds in the year	(305)	(18)
Add: Transfers from revenue to capital to fund fixed asset additions	43	79
Operational (deficit)/(surplus) on revenue funds before transfers to capital	(262)	61

Since these financial statements provide information at trust level there is little detail about individual academies within them. Within note 18 there is a disclosure setting out the revenue carry forward balances at an individual level, and this reveals that Hartsdown Academy was in deficit by £1.2m at 31 August 2020, up from £727k at the previous year end. Note 18 explains why this has happened and the continued action being taken by Directors to return Hartsdown to a surplus position. For now the collective strength of the overall trust and its other academies supports Hartsdown.

At the end of August 2020 the net book value of assets amounted to £60.8m (2019: £51.6m). These assets, which predominantly comprise land and buildings, are used almost exclusively for educational operations and the associated support services to students in the academies.

The total funds of the Company at the end of August 2020 amounted to £51.1m (2019: £44.5m). Of this total, £1.3m (2019: £1.6m) related to revenue funds, split between unrestricted funds and restricted revenue funds. In addition the Company was holding unspent capital formula funding, in cash terms, of £34k (2019: £229k) at the year end, which is included in the fixed asset fund balance which otherwise represents the net book value of capitalised assets held on the Company's Balance Sheet.

The final fund relates to the LGPS pension deficit. This increased during 2019-20 from £8.9m to £11m predominantly due to changes in actuarial assumptions. This deficit does not mean that an immediate liability crystallises; it results in a cash flow effect for the Company in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of the Company as a result of recognising the deficit. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions are currently set to rise at small annual incremental levels until 1 April 2023.

Reserves policy

The Directors review the reserves policy of the Trust annually and their level is reviewed monthly. This review encompasses the nature of income and expenditure streams, the need to match income with commitments, the nature of reserves, the expected final outcome for the coming year, any exceptional needs that might need to be met by one or more of our academies, the central management needs for cross trust initiatives and the trusts capital investment programme for the coming year.

2019/20: The financial deficit for the year, caused by the deficit position of Hartsdown Academy is explained in the financial review section above, and means that reserves have decreased during the year. The financial plans for the coming two years indicate that the Hartsdown situation will stabilise, however it is the Directors' continuing intention that the level of reserves should be maintained in order to provide sufficient working capital to cover delays between spending and receipt of grants, to provide a cushion to deal with unplanned needs and ensure the continued support of Hartsdown in the event that its financial position remains unsatisfactory.

Whilst actuarial advice suggests a significant deficit in the non-teaching LA pension scheme this should not affect our immediate funding predictions.

Directors consider it appropriate to hold free reserves equivalent to 5% of total annual income which is in the region of £992k. Total funds held at 31 August 2020 are stated in the financial review above. The 'free' reserves i.e. those income funds held which are freely

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available for general purposes are the unrestricted element of revenue funds - £1.5m (2019: £1.5m). The Directors are satisfied with the current level of free reserves held due to the level of risks and uncertainty within the education sector at this time.

Financial and risk management objectives and policies

The Company uses various financial instruments including cash and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to maintain finance for the Company's operations.

The existence of these financial instruments exposes the Company to liquidity risk and cash flow interest risk:

- *Liquidity risk* – the Company manages its' cash resources, including sufficient working capital, so that its bank ledger balance is available to the finance team for monitoring at all times and is always taken into account when making payments.
- *Interest rate risk* – the Company has used risk free managed investments to maximise interest on income wherever possible and shall continue to do so.

Principal risks and uncertainties

The Company monitors the principal risks and has drawn up risk registers for each academy which are regularly reviewed. A CAT level risk register capturing the major risks faced by the Company is monitored at Board level. In particular the financial risk is that public funding will not rise in line with the cost base giving rise to potential unsustainable deficits within the Company. This risk is mitigated by careful budget planning – overseen by the Finance Committee – and where possible securing additional resources to supplement Government funding.

The principal operational risk to the Company is that academic performance and attainment data does not meet the expectations of the regulator over time. This risk is mitigated by cross Trust expert support to improve teaching and learning, as well as by active results and data monitoring.

Investment policy

All schools in the Company only invest money in accounts which minimise the risk of loss. Speculative investments are not made.

FUNDRAISING

The Trust's fund raising is carried out and monitored at school level. The schools do not work with commercial or professional partners, and do not carry out direct marketing. All fund raising activities are small scale, and carried out directly by the schools not by third parties. The schools and Trust have established complaints procedures for all types of complaints.

EQUAL OPPORTUNITIES

It is the Company's policy to recognise that equal opportunities should be an integral part of good working practice within the workplace. The Company aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

DISABLED PERSONS

The policy of the Company is to support recruitment and retention of students and employees with disabilities. The academy trust does this by making reasonable adjustment to the physical environment wherever possible, by making support services available and through training and career development.

STREAMLINED ENERGY AND CARBON REPORTING

UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020	
Energy consumption used to calculate emissions (kWh)	4,158,835
Energy consumption break down (kWh) (optional)	
i. gas,	i. 2,535,976
ii. electricity,	ii. 1,614,658
iii. transport fuel	iii. 8,021
Scope 1 emissions in metric tonnes CO ₂ e	
Gas consumption	376.4
Owned transport – mini-buses	2.0

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UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020	
<u>Scope 2 emissions in metric tonnes CO2e</u> Purchased electricity	466.3
<u>Scope 3 emissions in metric tonnes CO2e</u> Business travel in employee owned vehicles	None
Total gross emissions in metric tonnes CO2e	844.7
<u>Intensity ratio</u> Tonnes CO2e per pupil	0.244

Quantification and Reporting Methodology:

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government’s Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

We have installed smart meters across all sites and increased video conferencing technology for staff meetings, to reduce the need for travel between sites.

PLANS FOR FUTURE PERIODS

The company has a three-year Business Plan. The aims of this plan maintain the core ethos of the schools and the Trust, and build on the successes to date. The objectives include:

- Improve exam success, by improving the quality of teaching, particularly at Hartsdown and Royal Harbour Academy;
- Having developed and introduced the Year 7 Transition Curriculum at Royal Harbour and Hartsdown, roll it through to Year 8 and plan the implementation of the curriculum at King Ethelbert and Dane Court;
- Implement the Talent Management Policy to identify and nurture talent within schools across the Trust;
- Continue to develop sharing of practice and resources across the Trust;
- Ensure robust financial controls and planning, and value for money, and
- Work with external professionals to ensure maximum benefit from the CIF bid process.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The trust distributes 16-19 bursary funds to the students as an agent for the ESFA. Details, including any amounts not dispersed by the financial year end, are disclosed in note 30 to the financial statements.

King Ethelbert is a school direct provider and the funding it receives for this purpose is transferred to East Kent Learning Alliance, a company that delivers the objectives for three teaching schools.

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AUDITORS

Insofar as the Directors 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 all information.

The auditors, UHY Hacker Young, have indicated their willingness to remain in office, and resolution to appoint them will be approved at the annual general meeting.

This report, incorporating the Strategic report, was approved by order of the Board of Directors, as the company directors and signed on the board's behalf by:



Mr. R. Curtis, Chair of Trustees



Ms K. Greig, Accounting Officer

Date: 30 November 2020

Coastal Academies Trust
(A company limited by guarantee)

Governance Statement

Scope of Responsibility

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

The Board of Directors has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform to 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 Coastal Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Directors' report and in the Statement of Directors' responsibilities.

To strengthen financial control and accountability the Directors have established a Finance Committee consisting of the Chair of Finance from each Local Governing Board, the accounting officer and a co-opted member as chair. This Finance Committee (amongst other things):

- Advises the Board on issues of strategic financial planning and best financial practice.
- Approves the annual budgets of each academy in the trust.
- Advises the Board and accounting officer on the adequacy and effectiveness of Coastal Academies Trust's governance, risk management, internal control and value for money systems.
- Ensures that Coastal Academies Trust operates within all Financial Regulations.
- Receives reports (annual reports, management letters etc.) from the external auditor and considers any issues raised, the associated management response and action plans. Where appropriate, reports are referred to the Board or other committees for information and action.

The Board of Directors has formally met 6 times during the year. Attendance during the year at meetings of the Board of Directors was as follows:

<u>Director</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr. P. J. Luxmoore, Executive Headteacher (Resigned as EH 31.08.20)	7	7
Mr. R. Curtis, Chair of the Board	7	7
Mr. C. Argent (resigned 21.11.19)	2	3
Mr. N. A. Smith, Chair of Finance Committee	7	7
Mr. D. Roberts	7	7
Mr. M. Emery	6	7
Mrs. C. Murray (resigned 16.10.19)	0	1
Ms. M. Hooper (appointed 16.10.19)	4	7

Attendance at meetings of the trust level Finance Committee (which also fulfils the remit of an audit committee) in the year was as follows:

<u>Director</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr. R. Curtis, Chair of Board	4	6
Mr. N.A. Smith, Chair of Finance Committee	6	6
Mr. C.L. Argent	0	1
Mr. D. Roberts	6	6
Mr. P.J. Luxmoore, Executive Headteacher	6	6

Coastal Academies Trust
(A company limited by guarantee)

Governance Statement (continued)

Governance Review

The Trust board reviews its effectiveness each year in three ways:

1. An annual review of the outcomes of its business plan in which the Board evaluates whether it has been effective in implementing its targets.
2. An annual (and sometimes twice yearly) accountability meeting with the Regional Commissioner in which the effectiveness of the Trust is externally reviewed.
3. Skills Audit when new Directors are appointed in order to identify gaps in knowledge.

In 2019/20 the Board concluded from these reviews that academic results still needed to improve significantly at Hartsdown Academy and financial monitoring needed to continue to be rigorously checked. As a result the Board agreed to have a single Chair of the federated governing bodies of Dane Court & King Ethelbert and of Hartsdown Academy in order to improve the rigor of local governance. The skills audit carried out during the year identified Safeguarding as an area for development and a training session was delivered to address that gap.

Review of Value for money

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

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

- Targeted intervention by utilising Pupil Premium funding to close the gap between such students and the rest of the cohort.
- Collaborative working across the trust to improve educational outcomes for all students.
- Improved purchasing decisions with CAT-wide contracts to improve value for money. Examples of this include a joint insurance policy across all CAT schools, and energy procurement across all CAT schools. The intention is to increase the number of CAT-wide contracts where practicable and where there is a clear benefit.

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

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

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;

Coastal Academies Trust
(A company limited by guarantee)

Governance Statement (continued)

The Risk and Control Framework - cont.

- regular reviews by the Finance Committee consolidating the figures from each constituent academy to get an overview of the Company's financial performance.
- regular reviews by the Finance/Resources Committee of each school of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Board of Directors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, for 2019/20 the Directors appointed UHY Hacker Young, the external auditors, to perform additional internal scrutiny checks to provide ongoing assurance throughout the year.

Early in 2020 a programme of work was agreed with two rounds of visits, each round including a day at each academy. The impact of the Covid-19 pandemic meant the first scheduled visits in April 2020 did not take place. Checks were conducted, remotely, in July reviewing the following specific topics:

- Pupil Number Returns;
- Risk Management

Following the visits a written report of finding was prepared for the Directors. No significant issues have arisen from the year and other observations noted by UHY Hacker Young have been dealt with or the trust is in process of taking appropriate action.

The Directors therefore feel that during the year ended 31 August 2020, and taking into account the unprecedented circumstances arising due to Covid-19, they have received sufficient assurance over the risks to internal control in line with the requirements of the Academies Financial Handbook.

The revised FRC Ethical Standard for auditors states that a firm providing external audit to an entity shall not also provide internal audit services to it, subject to transitional arrangements which permit existing audit engagements at 15 March 2020 to conclude. UHY Hacker Young completed the provision of the service for 2019-20 under these transitional arrangements.

For 2020-21 the Trustees have appointed another firm of chartered accountants with experience working in the academy sector to carry out the enhanced internal scrutiny going forward.

Review of Effectiveness

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

- the work of the external auditors; and
- the work of the executive managers within the Company who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Directors and signed on their behalf, by:



Mr. R. Curtis, Chair of Trustees



Ms K Greig, Accounting Officer

Date: 30 November 2020

Coastal Academies Trust
(A Company Limited by Guarantee)

Statement on Regularity, Propriety and Compliance

As accounting officer of Coastal Academies Trust I have considered my responsibility to notify the academy trust board of Directors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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



Ms. K. Greig
Accounting Officer

Date: 30 November 2020

Coastal Academies Trust
(A Company Limited by Guarantee)

Statement of Directors' responsibilities
For the Year Ended 31 August 2020

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

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

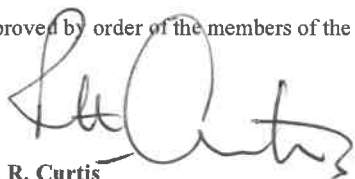
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the Board of Directors and signed on its behalf by:



Mr. R. Curtis
Chairman of the Board of Directors

Date: 30 November 2020

Independent Auditors' Report on the financial statements to the Members of Coastal Academies Trust

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Independent Auditors' Report on the financial statements to the Members of Coastal Academies Trust (continued)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report including the Strategic Report.

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

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

Responsibilities of trustees

As explained more fully in the Directors' Responsibilities Statement, the Directors (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Directors are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Allan Hickie BSc FCA (Senior Statutory Auditor)

for and on behalf of

UHY Kent LLP

Chartered Accountants

Statutory Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date: 7 December 2020

Coastal Academies Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Coastal Academies Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 25 September 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Coastal Academies Trust during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Coastal Academies Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Coastal Academies Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Coastal Academies Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Coastal Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Coastal Academies Trust's funding agreement with the Secretary of State for Education dated 23 March 2011 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to arrive at our conclusion. Other than those procedures undertaken for the purposes of our audit of the financial statements of Coastal Academies Trust for the year ended 31 August 2020 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

- 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.

Coastal Academies Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Coastal Academies Trust and the Education & Skills Funding Agency (continued)

Conclusion

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



UHY Kent LLP
Chartered Accountants
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 7 December 2020

Coastal Academies Trust
(A Company Limited by Guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the Year Ended 31 August 2020

	Note	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Income from:						
Donations and capital grants	3	16	-	10,281	10,297	280
Funding for the academy trust's educational operations	4	159	19,830	-	19,989	20,343
Other trading activities	5	137	-	-	137	139
Investments	6	-	-	-	-	1
Total income		312	19,830	10,281	30,423	20,763
Expenditure on:						
Raising funds		25	1	-	26	10
Charitable activities		161	21,022	1,264	22,447	22,391
Total expenditure	7	186	21,023	1,264	22,473	22,401
Net income/(expenditure)		126	(1,193)	9,017	7,950	(1,638)
Transfers between funds	18	(127)	84	43	-	-
Net movement in funds before other recognised gains/(losses)		(1)	(1,109)	9,060	7,950	(1,638)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	26	-	(1,330)	-	(1,330)	(1,566)
Net movement in funds		(1)	(2,439)	9,060	6,620	(3,204)
Reconciliation of funds:						
Total funds brought forward		1,519	(8,765)	51,790	44,544	47,748
Net movement in funds		(1)	(2,439)	9,060	6,620	(3,204)
Total funds carried forward	18	1,518	(11,204)	60,850	51,164	44,544

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

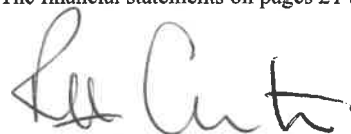
The notes on pages 24 to 47 form part of these financial statements.

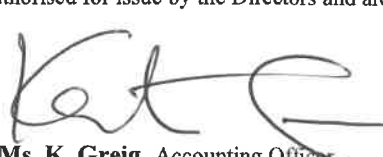
Coastal Academies Trust
(A Company Limited by Guarantee)
Registered number: 07552665

Balance Sheet
As at 31 August 2020

	Note	2020 £000	2019 £000
Fixed assets			
Tangible assets	14	60,823	51,659
Current assets			
Stocks		12	12
Debtors	15	474	664
Cash at bank and in hand		1,777	2,118
		<u>2,263</u>	<u>2,794</u>
Creditors: amounts falling due within one year	16	(908)	(1,028)
Net current assets		<u>1,355</u>	<u>1,766</u>
Total assets less current liabilities		<u>62,178</u>	<u>53,425</u>
Creditors: amounts falling due after more than one year	17	(5)	(7)
Net assets excluding pension liability		<u>62,173</u>	<u>53,418</u>
Defined benefit pension scheme liability	26	(11,009)	(8,874)
Total net assets		<u><u>51,164</u></u>	<u><u>44,544</u></u>
Funds of the academy trust			
Restricted funds:			
Fixed asset funds	18	60,850	51,790
Restricted income funds	18	(195)	109
Restricted funds excluding pension liability	18	<u>60,655</u>	<u>51,899</u>
Pension reserve	18	(11,009)	(8,874)
Total restricted funds	18	<u>49,646</u>	<u>43,025</u>
Unrestricted income funds	18	<u>1,518</u>	<u>1,519</u>
Total funds		<u><u>51,164</u></u>	<u><u>44,544</u></u>

The financial statements on pages 21 to 47 were approved and authorised for issue by the Directors and are signed on their behalf, by:


Mr. R. Curtis, Chairman of the Board of Directors


Ms. K. Greig, Accounting Officer

Date: 30 November 2020

The notes on pages 24 to 47 form part of these financial statements.

Coastal Academies Trust
(A Company Limited by Guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2020

	Note	2020 £000	<i>2019</i> <i>£000</i>
Cash flows from operating activities			
Net cash used in operating activities	20	(192)	(237)
Cash flows from investing activities	22	(147)	(3)
Cash flows from financing activities	21	(2)	(1)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(341)	(241)
Cash and cash equivalents at the beginning of the year		2,118	2,359
Cash and cash equivalents at the end of the year	23, 24	<hr/> 1,777 <hr/>	<hr/> <i>2,118</i> <hr/>

The notes on pages 24 to 47 form part of these financial statements

Notes to the Financial Statements
For the Year Ended 31 August 2020

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

Coastal Academies Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Directors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust to continue as a going concern. The Directors 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.

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

• **Donated fixed assets (excluding transfers on conversion or into the academy trust)**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as 'Income from Donations and Capital Grants' and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Notes to the Financial Statements
For the Year Ended 31 August 2020

1. Accounting policies (continued)

1.4 Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 Tangible fixed assets

Individual assets costing £2,000 or more and bulk purchases of more than £5,000 are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following basis:

Freehold property	-	2%	straight line
Long-term leasehold property	-	2%	straight line
Furniture and equipment	-	25%	straight line
Computer equipment	-	33%	straight line
Motor vehicles	-	20%	reducing balance

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.

Notes to the Financial Statements
For the Year Ended 31 August 2020

1. Accounting policies (continued)

1.7 Stocks

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

1.8 Debtors

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

1.9 Cash at bank and in hand

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

1.10 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.

1.11 Taxation

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

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. No tax charge has arisen during the year.

1.12 Financial instruments

The academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement bases are as follows:

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.13 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 30.

1. Accounting policies (continued)

1.14 Operating leases

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

1.15 Pensions

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

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

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

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

1.16 Fund accounting

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

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

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

Notes to the Financial Statements
For the Year Ended 31 August 2020

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

There have been some specific issues which have been considered regarding the actuarial assumptions and closing pension scheme liability of all LGPS employers:

(1) The "McCloud/Sargeant judgement". This relates to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material. This was reflected in the prior year as a past service cost, within staff costs, and detailed in note 26, of £163,000.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published.

(2) Goodwin case. Following a case involving the Teachers' Pension scheme, known as the Goodwin case, differences between survivor benefits payable to members with same-sex or opposite-sex survivors have been identified within a number of public sector pension schemes. As a result, the Government have confirmed that a remedy is required in all affected public sector pension schemes, which includes the LGPS.

Briefing notes provided by the actuary have indicated they expect the impact will be minimal for LGPS funds.

(3) Guaranteed Minimum Pension (GMP). On 22 January 2018, the Government published the outcome to its Indexation and equalisation of GMP in public service pension schemes consultation, concluding that the requirement for public service pension schemes to fully price protect the GMP element of individuals' public service pension would be extended to those individuals reaching State Pension Age (SPA) before 6 April 2021. HM Treasury published a Ministerial Direction on 4 December 2018 to implement this outcome, with effect from 6 April 2016.

Briefing notes provided by the actuary have indicated they do not expect to make any adjustments to the value placed on the liabilities as a result of the above outcome.

(4) Discount rates. There has been a change in financial assumptions over the period, including the discount rate. The discount rate has been reduced which has resulted in a higher value being placed on the defined benefit obligation. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

(5) Mortality assumptions. Details of the changes in mortality assumptions are shown in note 26. The actuary calculations use a model prepared by the Continuous Mortality Investigation (CMI) which is updated on an annual basis, incorporating the latest mortality data in the national population. This year the mortality assumptions have been updated in line with those adopted for the Fund's 2019 actuarial valuation which anticipates a reduction in projected life expectancies. The lower life expectancy assumptions result in a lower value being placed on the defined benefit obligation. The impact comes through as part of the actuarial movement shown on Statement of Financial Activities.

Coastal Academies Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2020

3. Income from donations and capital grants

	Unrestricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Donations				
Donated assets	-	10,175	10,175	-
Donations	16	-	16	24
Capital grants	-	106	106	256
	<u>16</u>	<u>10,281</u>	<u>10,297</u>	<u>280</u>
<i>Analysis of 2019 total by fund</i>	<u>24</u>	<u>256</u>	<u>280</u>	

4. Funding for the academy trust's educational operations

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	16,498	16,498	16,440
Other DfE/ESFA grants	-	2,459	2,459	1,953
	<u>-</u>	<u>18,957</u>	<u>18,957</u>	<u>18,393</u>
Other government grants				
Local authority grants	-	758	758	1,367
	<u>-</u>	<u>758</u>	<u>758</u>	<u>1,367</u>
Other funding				
School trips	-	61	61	235
Catering income	78	-	78	144
Notional apprenticeship levy income	-	22	22	32
Other income	81	32	113	172
	<u>159</u>	<u>115</u>	<u>274</u>	<u>583</u>
	<u>159</u>	<u>19,830</u>	<u>19,989</u>	<u>20,343</u>
<i>Analysis of 2019 total by fund</i>	<u>304</u>	<u>20,039</u>	<u>20,343</u>	

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Notes to the Financial Statements
For the Year Ended 31 August 2020

5. Income from other trading activities

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Sales to students	33	-	33	37
Lettings income	54	-	54	70
Extended day income	22	-	22	32
Other	28	-	28	-
	<u>137</u>	<u>-</u>	<u>137</u>	<u>139</u>
<i>Analysis of 2019 total by fund</i>	<u>138</u>	<u>1</u>	<u>139</u>	

6. Investment income

	Unrestricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Bank interest (unrestricted)	-	-	1
	<u>-</u>	<u>-</u>	<u>1</u>

7. Expenditure

	Staff Costs 2020 £000	Premises 2020 £000	Other 2020 £000	Total 2020 £000	Total 2019 £000
Expenditure on fundraising activities	-	-	26	26	10
Educational operations:					
Direct costs	15,163	919	1,633	17,715	17,027
Allocated support costs	2,544	1,174	1,014	4,732	5,364
	<u>17,707</u>	<u>2,093</u>	<u>2,673</u>	<u>22,473</u>	<u>22,401</u>
<i>Analysis of 2019 total</i>	<u>16,694</u>	<u>2,038</u>	<u>3,669</u>	<u>22,401</u>	

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Notes to the Financial Statements
For the Year Ended 31 August 2020

8. Analysis of expenditure by activities

	Direct costs 2020 £000	Support costs 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Educational operations	17,715	4,732	22,447	22,391
<i>Analysis of 2019 total</i>	<i>17,027</i>	<i>5,364</i>	<i>22,391</i>	

Analysis of support costs

	Total funds 2020 £000	Total funds 2019 £000
Staff costs	2,544	2,544
Premises costs	1,174	1,783
Technology costs	255	83
Other support costs	709	857
Legal costs	13	63
Governance costs	37	34
	<u>4,732</u>	<u>5,364</u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £000	2019 £000
Operating lease rentals	39	49
Depreciation of tangible fixed assets	1,264	1,185
Fees paid to auditors for:		
- audit	19	19
- other services	8	14
	<u>1,320</u>	<u>1,367</u>

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Notes to the Financial Statements
For the Year Ended 31 August 2020

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020	<i>2019</i>
	£000	<i>£000</i>
Wages and salaries	12,816	12,653
Social security costs	1,282	1,233
Pension costs	3,460	2,722
	<u>17,558</u>	<u>16,608</u>
Agency staff costs	112	77
Staff restructuring costs	37	9
	<u>17,707</u>	<u>16,694</u>

Staff restructuring costs comprise:

	2020	<i>2019</i>
	£000	<i>£000</i>
Redundancy payments	37	9
	<u>37</u>	<u>9</u>

b. Staff numbers

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

	2020	<i>2019</i>
	No.	<i>No.</i>
Teachers	224	233
Administration and support	267	267
Management	28	27
	<u>519</u>	<u>527</u>

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Notes to the Financial Statements
For the Year Ended 31 August 2020

10. Staff (continued)

b. Staff numbers (continued)

The average headcount expressed as full-time equivalents was:

	2020	<i>2019</i>
	No.	<i>No.</i>
Teachers	204	216
Administration and support	162	164
Management	26	22
	<u>392</u>	<u>402</u>

c. Higher paid staff

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

	2020	<i>2019</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	4	6
In the band £70,001 - £80,000	3	1
In the band £80,001 - £90,000	3	1
In the band £90,001 - £100,000	-	1
In the band £100,001 - £110,000	1	1
In the band £110,001 - £120,000	1	1
In the band £130,001 - £140,000	1	1
	<u>1</u>	<u>1</u>

d. Key management personnel

The key management personnel of the academy trust comprise the Directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £968k (2019 - £849k).

11. Central services

The central trust function incurred expenditure during the year, largely in respect of ESFA Strategic School Improvement Fund (SSIF) and Kent County Council School Improvement Services (SIS) funding. These costs were primarily educational support services. The total costs incurred centrally are disclosed in note 18. Costs such as the salaries for the Executive Headteacher and Chief Financial Officer are shared across the trust via recharges between the academies.

No other central services were provided by the academy trust to its academies during the year and there is no formal top slice arrangement in place. Central charges of £100k to Dane Court Grammar School and £80k to Cliftonville Primary School were made in the year. These funds have been retained by the central trust function at the year end and are expected to be expended in 2020/21.

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Notes to the Financial Statements
For the Year Ended 31 August 2020

12. Directors' remuneration and expenses

One or more Directors has been paid remuneration or has received other benefits from an employment with the academy trust. The Executive Headteacher and other staff trustees only receive remuneration in respect of services they provide under their contracts of employment. The value of Directors' remuneration and other benefits was as follows:

		2020 £000	2019 £000
Mr. P.J. Luxmoore, Executive Headteacher	Remuneration	135 - 140	135 - 140

During the year ended 31 August 2020, travelling expenses totalling £368 were reimbursed or paid directly to 1 Director (2019 - £1,360 to 2 Directors).

13. Directors' and Officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect Directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim. The cost of this insurance is included in the total insurance cost.

14. Tangible fixed assets

	Freehold property £000	Long-term leasehold property £000	Furniture and equipment £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost or valuation						
At 1 September 2019	46,526	12,044	1,075	815	26	60,486
Additions	5	10,175	83	137	28	10,428
At 31 August 2020	46,531	22,219	1,158	952	54	70,914
Depreciation						
At 1 September 2019	6,669	679	843	617	19	8,827
Charge for the year	866	127	99	165	7	1,264
At 31 August 2020	7,535	806	942	782	26	10,091
Net book value						
At 31 August 2020	38,996	21,413	216	170	28	60,823
At 31 August 2019	39,857	11,365	232	198	7	51,659

Included in land and buildings is freehold land at valuation of £3.626m (2019 - £3.626m) and leasehold land of £1.593m (2019 - £1.593m) which are not depreciated.

The academy trust's transactions relating to land and buildings included school buildings valued at £10.175m which were funded by the ESFA and donated on completion.

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Notes to the Financial Statements
For the Year Ended 31 August 2020

15. Debtors

	2020	<i>2019</i>
	£000	<i>£000</i>
Trade debtors	26	71
Other debtors	54	194
Prepayments and accrued income	394	399
	<u>474</u>	<u>664</u>

16. Creditors: Amounts falling due within one year

	2020	<i>2019</i>
	£000	<i>£000</i>
Other loans	2	2
Trade creditors	129	167
Other taxation and social security	250	265
Other creditors	65	78
Accruals and deferred income	462	516
	<u>908</u>	<u>1,028</u>

	2020	<i>2019</i>
	£000	<i>£000</i>
Deferred income at 1 September 2019	202	277
Resources deferred during the year	327	202
Amounts released from previous periods	(202)	(277)
	<u>327</u>	<u>202</u>

Deferred income comprises ESFA funding (rates relief, UIFSM grant and CIF capital), income for school trips and other trading income, received in advance for the 2020/21 academic year.

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

	2020	<i>2019</i>
	£000	<i>£000</i>
Other loans	5	7
	<u>5</u>	<u>7</u>

The other loan within notes 15 and 16 is Salix funding which is interest free and fully repayable by September 2025.

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Notes to the Financial Statements
For the Year Ended 31 August 2020

18. Statement of funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
General funds	1,519	312	(186)	(127)	-	1,518
Restricted general funds						
General Annual Grant (GAG)	(590)	16,498	(16,924)	84	-	(932)
Other DfE/ESFA grants	131	2,459	(2,360)	-	-	230
Other government grants	458	780	(777)	-	-	461
Other restricted	110	93	(157)	-	-	46
Pension reserve	(8,874)	-	(805)	-	(1,330)	(11,009)
	<u>(8,765)</u>	<u>19,830</u>	<u>(21,023)</u>	<u>84</u>	<u>(1,330)</u>	<u>(11,204)</u>
Restricted fixed asset funds						
Tangible fixed assets	51,659	10,175	(1,264)	253	-	60,823
DfE/ESFA capital grants	140	106	-	(212)	-	34
Salix loan	(9)	-	-	2	-	(7)
	<u>51,790</u>	<u>10,281</u>	<u>(1,264)</u>	<u>43</u>	<u>-</u>	<u>60,850</u>
Total Restricted funds	<u>43,025</u>	<u>30,111</u>	<u>(22,287)</u>	<u>127</u>	<u>(1,330)</u>	<u>49,646</u>
Total funds	<u><u>44,544</u></u>	<u><u>30,423</u></u>	<u><u>(22,473)</u></u>	<u><u>-</u></u>	<u><u>(1,330)</u></u>	<u><u>51,164</u></u>

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

General Annual Grants must be used for the normal running costs of each individual academy, and hence are shown as a separate restricted fund.

The Other DfE/ESFA grant fund relates to income received from the DfE and ESFA, and included Pupil Premium and Universal Infant Free School Meal grants.

The Other Government grant fund relates to restricted income received from other government bodies and includes money received from Kent County Council (KCC).

The pension reserve relates to the academy trust's share of the deficit of the Local Government Pension Scheme overseen by its Local Authority.

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Notes to the Financial Statements
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18. Statement of funds (continued)

The other restricted fund accounts for all other money received for a specific purpose and includes income received from parents and pupils for educational trips and visits.

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The transfer of £43k represents capital expenditure funded by revenue reserves during the year and the Salix loan repayments funded from GAG.

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020	<i>2019</i>
	£000	<i>£000</i>
Dane Court Grammar School	1,021	892
King Ethelbert School	486	543
Cliftonville Primary School	741	707
Hartsdown Academy	(1,224)	(727)
Central	299	213
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,323	1,628
Restricted fixed asset fund	60,850	51,790
Pension reserve	(11,009)	(8,874)
	<hr/>	<hr/>
Total	51,164	44,544
	<hr/> <hr/>	<hr/> <hr/>

The following academy is carrying a net deficit on its portion of the funds as follows:

	Deficit
	£000
Hartsdown Academy	(1,224)
	<hr/> <hr/>

It was agreed by the Board at the beginning of 2017-18 and at subsequent Board meetings, that Hartsdown Academy should be allowed to return in-year deficit positions (all agreed in advance), supported by the wider Trust. This is helping to ensure effective educational outcomes for all students.

The academy trust is taking the following action to return the academy to surplus:

- Restructuring staff, ensuring an effective curriculum offer fit for purpose;
- Continuous monitoring of pupil numbers;
- Marketing of the school to increase pupil numbers;
- Investing staff resource from across the trust to improve pupil outcomes to increase Hartsdown reputation in the community and in turn increase pupil numbers; and
- Robust budgeting process with regular scrutiny of monthly management information and cashflow

All indications suggest that in the academic year 2021/22 Hartsdown will return to a surplus position.

Coastal Academies Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2020

18. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2020 £000	<i>Total 2019 £000</i>
Dane Court Grammar School	4,641	521	334	661	6,157	5,825
King Ethelbert School	3,629	749	259	438	5,075	5,140
Cliftonville Primary School	3,051	502	101	513	4,167	3,841
Hartsdown Academy	3,708	772	485	681	5,646	6,244
Central	134	-	-	30	164	166
Academy trust	15,163	2,544	1,179	2,323	21,209	21,216

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Notes to the Financial Statements
For the Year Ended 31 August 2020

18. Statement of funds (continued)

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

	<i>Balance at 1 September 2018 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2019 £000</i>
Unrestricted funds						
General funds	1,245	466	(177)	(15)	-	1,519
Restricted general funds						
General Annual Grant (GAG)	(207)	16,453	(16,840)	4	-	(590)
Other DfE/ESFA grants	231	1,737	(1,721)	(116)	-	131
Other government grants	341	1,401	(1,323)	39	-	458
Other restricted	36	450	(385)	9	-	110
Pension reserve	(6,538)	-	(770)	-	(1,566)	(8,874)
	<u>(6,137)</u>	<u>20,041</u>	<u>(21,039)</u>	<u>(64)</u>	<u>(1,566)</u>	<u>(8,765)</u>
Restricted fixed asset funds						
Tangible fixed assets	52,584	-	(1,185)	260	-	51,659
DfE/ESFA capital grants	66	256	-	(182)	-	140
Salix loan	(10)	-	-	1	-	(9)
	<u>52,640</u>	<u>256</u>	<u>(1,185)</u>	<u>79</u>	<u>-</u>	<u>51,790</u>
Total Restricted funds	<u>46,503</u>	<u>20,297</u>	<u>(22,224)</u>	<u>15</u>	<u>(1,566)</u>	<u>43,025</u>
Total funds	<u><u>47,748</u></u>	<u><u>20,763</u></u>	<u><u>(22,401)</u></u>	<u><u>-</u></u>	<u><u>(1,566)</u></u>	<u><u>44,544</u></u>

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19. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	60,823	60,823
Current assets	1,518	711	34	2,263
Creditors due within one year	-	(906)	(2)	(908)
Creditors due in more than one year	-	-	(5)	(5)
Provisions for liabilities and charges	-	(11,009)	-	(11,009)
Total	1,518	(11,204)	60,850	51,164

Analysis of net assets between funds - prior period

	<i>Unrestricted funds 2019 £000</i>	<i>Restricted funds 2019 £000</i>	<i>Restricted fixed asset funds 2019 £000</i>	<i>Total funds 2019 £000</i>
Tangible fixed assets	-	-	51,659	51,659
Current assets	1,519	1,135	140	2,794
Creditors due within one year	-	(1,026)	(2)	(1,028)
Creditors due in more than one year	-	-	(7)	(7)
Provisions for liabilities and charges	-	(8,874)	-	(8,874)
Total	1,519	(8,765)	51,790	44,544

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

	2020	<i>2019</i>
	£000	<i>£000</i>
Net income/(expenditure) for the period (as per Statement of Financial Activities)	7,950	<i>(1,638)</i>
Adjustments for:		
Depreciation	1,264	<i>1,185</i>
Capital grants from DfE and other capital income	(106)	<i>(256)</i>
Interest receivable	-	<i>(1)</i>
Defined benefit pension scheme cost less contributions payable	645	<i>604</i>
Defined benefit pension scheme finance cost	160	<i>166</i>
Decrease in stocks	-	<i>3</i>
Decrease/(increase) in debtors	190	<i>(206)</i>
Decrease in creditors	(120)	<i>(94)</i>
Donated fixed assets	(10,175)	<i>-</i>
Net cash used in operating activities	(192)	<i>(237)</i>

21. Cash flows from financing activities

	2020	<i>2019</i>
	£000	<i>£000</i>
Repayments of borrowing	(2)	<i>(1)</i>

22. Cash flows from investing activities

	2020	<i>2019</i>
	£000	<i>£000</i>
Dividends, interest and rents from investments	-	<i>1</i>
Purchase of tangible fixed assets	(253)	<i>(260)</i>
Capital grants from DfE Group	106	<i>256</i>
Net cash used in investing activities	(147)	<i>(3)</i>

23. Analysis of cash and cash equivalents

	2020	<i>2019</i>
	£000	<i>£000</i>
Cash in hand	1,777	<i>2,118</i>

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24. Analysis of changes in net debt

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash at bank and in hand	2,118	(341)	1,777
Debt due within 1 year	(2)	-	(2)
Debt due after 1 year	(7)	2	(5)
	<u>2,109</u>	<u>(339)</u>	<u>1,770</u>

25. Contingent liabilities

The trust has a contingent liability in respect of term time only workers' annual leave. During the year certain trades unions began looking at potentially making claims against Kent based education employers regarding the calculation of term time only workers' annual leave. This is on the back of settlements they have made in other local authorities for their members regarding changing the calculation and back pay.

Whilst the academy trust is free to set its own pay rates, in common with most academies it closely follows the local authority scales. The Kent County Council (KCC) 'Kent Scheme' Pay Scales were amended from 1 April 2020 following a change to the way leave for term time only staff is calculated and the trust has followed by altering its own approach. KCC has received representations that there is a wish to make a settlement on back pay as the unions believe their members have been historically underpaid. KCC is resisting making any collective settlement and is encouraging individual employer schools and academies to do likewise.

The unions are attempting to bring the issue to their members and encouraging them to make a claim in the Employment Tribunal. If this is successful the trust may be liable. At the date of approval of these financial statements it is unclear (i) whether a back settlement liability may exist, (ii) if does how many years back this may go, and (iii) whether the liability or share of the liability would sit with KCC.

26. Pension commitments

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

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

Contributions amounting to £47,000 were payable to the schemes at 31 August 2020 (2019 - £45,000) and are included within creditors.

Teachers' Pension Scheme

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

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Notes to the Financial Statements
For the Year Ended 31 August 2020

26. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £1,854,000 (2019 - £1,416,000).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £775,000 (2019 - £710,000), of which employer's contributions totalled £599,000 (2019 - £548,000) and employees' contributions totalled £ 176,000 (2019 - £162,000). The employer and employee contribution rates have been set until April 2023. The current rate of 20% will continue until April 2021, before rising to 21% for a year and then increasing to 22.5% from April 2022. The employee contribution rates during this period will vary between 5.5 to 12.5% depending on employee remuneration levels.

As described in note the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	3.30	3.70
Rate of increase for pensions in payment/inflation	2.30	2.20
Discount rate for scheme liabilities	1.60	1.85
Inflation assumption (CPI)	2.30	2.20

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26. Pension commitments (continued)

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

	2020	<i>2019</i>
	Years	<i>Years</i>
Retiring today		
Males	22.1	22.1
Females	24.0	24.0
Retiring in 20 years		
Males	23.7	23.7
Females	25.8	25.8

Sensitivity analysis

	2020	<i>2019</i>
	£000	<i>£000</i>
Discount rate +0.1%	(536)	(436)
Discount rate -0.1%	575	447
Mortality assumption - 1 year increase	872	696
Mortality assumption - 1 year decrease	(839)	(672)
CPI rate +0.1%	512	396
CPI rate -0.1%	(501)	(386)

The academy trust's share of the assets in the scheme was:

	2020	<i>2019</i>
	£000	<i>£000</i>
Equities	7,976	6,956
Gilts	83	72
Corporate bonds	1,591	919
Property	1,354	1,189
Cash and other liquid assets	374	273
Investment funds	937	793
Total market value of assets	12,315	<i>10,202</i>

The actual return on scheme assets was £785,000 (2019 - £430,000).

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26. Pension commitments (continued)

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

	2020	<i>2019</i>
	£000	<i>£000</i>
Current service cost	(1,227)	(984)
Past service cost	(11)	(163)
Interest income	195	253
Interest cost	(355)	(419)
Administrative expenses	(6)	(5)
Total amount recognised in the Statement of Financial Activities	(1,404)	<i>(1,318)</i>

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

	2020	<i>2019</i>
	£000	<i>£000</i>
At 1 September	19,076	<i>15,848</i>
Current service cost	1,227	984
Interest cost	355	419
Employee contributions	176	162
Actuarial losses	2,598	1,743
Benefits paid	(119)	(243)
Past service costs	11	163
At 31 August	23,324	<i>19,076</i>

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

	2020	<i>2019</i>
	£000	<i>£000</i>
At 1 September	10,202	<i>9,310</i>
Interest income	195	253
Actuarial gains	1,268	177
Employer contributions	599	548
Employee contributions	176	162
Benefits paid	(119)	(243)
Administration expenses	(6)	(5)
At 31 August	12,315	<i>10,202</i>

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27. Operating lease commitments

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

	2020	<i>2019</i>
	£000	<i>£000</i>
Not later than 1 year	25	32
Later than 1 year and not later than 5 years	28	29
	<u>53</u>	<u>61</u>

28. Related party transactions

Owing to the nature of the academy trust and the composition of the Board of Directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

The following related party transactions took place during the year:

Expenditure related transactions

East Kent Learning Alliance Limited (EKLA), a teaching school alliance of East Kent schools including Dane Court Grammar School, King Ethelbert School and Hartsdown Academy.

During the year the trust paid £Nil (2019 - £450) to EKLA in respect of course attendance fees. At 31 August 2020, EKLA owed the academy trust £Nil (2019 - £Nil).

Ms. R. Thomas, the daughter of Mrs. A. Blake, member of the SLT at Cliftonville Primary School, worked at Cliftonville Primary School during the year and was paid a salary, under an employment contract, for her role as a teaching assistant. Mrs. A. Blake had no involvement in the appointment of Ms. R. Thomas and the trustees are comfortable that Ms. R. Thomas' salary provides value for money and is not at a preferential rate.

Mr. A. Morris, the spouse of Mrs. L. Morris, member of the SLT at Hartsdown Academy, worked at Hartsdown Academy during the year and was paid a salary, under an employment contract, for his role as an unqualified teacher. Mrs. L. Morris had no involvement in the appointment of Mr. A. Morris and the trustees are comfortable that Mr. A. Morris' salary provides value for money and is not at a preferential rate.

Mrs. L. Ovenden, the spouse of Mr. H. Ovenden, member of the SLT at Hartsdown Academy, worked at Hartsdown Academy during the year and was paid a salary, under an employment contract, for her role as a teacher. Mr. H. Ovenden had no involvement in the appointment of Mrs. L. Ovenden and the trustees are comfortable that Mrs. L. Ovenden's salary provides value for money and is not at a preferential rate.

In entering into all of the above transactions the trust has fully complied with the requirements of the Academies Financial Handbook.

Income related transactions

East Kent Learning Alliance Limited (EKLA) - as noted above under expenditure

The academy trust received income of £24k (2019 - £22k) from EKLA during the year in respect of the recharge of staff costs and £Nil (2019 - £2k) for finance administration charges.

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29. Members' liability

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

30. Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the trust received £45k (2019 - £53k) and disbursed £46k (2019 - £77k) from the fund. An amount of £15k (2019 - £16k) is included in other creditors relating to undistributed funds that is repayable to ESFA.

31. Controlling party

The academy trust is run by the senior management team on a day to day basis. Strategic decisions are made by the trustees. There is no ultimate controlling party although since the academy trust only had three members at the year end, as listed on page 1, each with 33.33% of the voting rights, these individuals are deemed to be persons of significant control..