



Report of the Trustees and
Financial Statements
for the Year Ended 31 August 2020
for
Palladian Academy Trust

MHA Monahans
Statutory Auditor
Chartered Accountants
Fortescue House
Court Street
Trowbridge
Wiltshire
BA14 8FA

Palladian Academy Trust

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for the Year Ended 31 August 2020**

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Palladian Academy Trust

Reference and Administrative Details
for the Year Ended 31 August 2020

MEMBERS:	A Arlidge R Franks (appointed 12.12.19) C James (resigned 12.12.19) E Gregory (DBE Trust) J Garratt F Stewart (SDBE) (appointed 1.12.19)
TRUSTEES	R Franks (Chair from 12.12.19) (appointed 28.11.19) C James (Chair until 12.12.19) (resigned 12.12.19) S J Apps R L Balch P J Black (co-opted trustee) R Bullard E Commander (appointed 28.11.19) W B C Hobhouse (co-opted trustee) C D Mason C M Mercer (Vice Chair) (resigned 30.9.20) A J Moore (appointed 25.7.19) A Norman (appointed 12.12.19) M J Robbins (appointed 8.10.19) R Whelan T Withers (CEO and accounting officer)
COMPANY SECRETARY	J Marsh
SENIOR MANAGEMENT TEAM:	T Withers (CEO) J Marsh (COO) P Jacobs (Director of School Improvement) J Gasgoine (Headteacher Combe Down Primary School) T Dunn (Headteacher Fitzmaurice Primary School) (joined 1.10.19) D Goucher (Headteacher Oldfield Park Junior School) C McMurtry (Headteacher Oldfield Park Infant School) A Greenhough (Headteacher Ralph Allen School) C Parfitt (Headteacher St Martin's Garden Primary) A Joy (Headteacher St Philip's Primary School) C Taylor (Headteacher Widcombe Junior School) A Watts (Headteacher Widcombe Infant School) R Wilson (Headteacher Winsley Primary School) (joined 1.12.19)
REGISTERED OFFICE	Claverton Down Road Combe Down Bath BA2 7AD
REGISTERED COMPANY NUMBER	08061092 (England and Wales)
INDEPENDENT AUDITORS	MHA Monahans Statutory Auditor Chartered Accountants Fortescue House Court Street Trowbridge Wiltshire BA14 8FA

**Report of the Trustees
for the Year Ended 31 August 2020**

The Trustees present their annual report together with the audited financial statements of the charitable company (Academy Trust) for the period 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law and includes the additional content required of larger charities.

The Academy Trust currently operates 10 academies across the primary and secondary phases in Bath and Wiltshire. Two of these academies joined the Academy Trust during this financial year. The additional pupil capacity Fitzmaurice Primary School (315 pupils) and Winsley Primary School (175 pupils) resulted in the combined pupil capacity growing to 3473. The Trust had a pupil roll of 3462 in the autumn school census 2020. The Trust consulted to provide additional capacity for 200 secondary phase places from September 2021 in response to local authority need for additional places.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The formal objects set out in the Articles of Association are:

- a) To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing Academies which shall offer a broad and balanced curriculum which shall include:
 - Academies other than those designated Church of England whether with or without a designated religious character; and
 - Church of England Academies designated as such which shall be conducted in accordance with those principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and in having regard to any advice and following any directives issues by the Diocesan Boards of Education, but in relation to each of the Academies to recognise and support their individual ethos, whether or not designated Church of England.

- b) To promote for the benefit of the inhabitants of Bath and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interest of social welfare and with the object of improving the condition of life of the said inhabitants.

The Palladian Academy Trust (PAT) is a community of schools, each with its own particular ethos, that enjoy a mutually enriching partnership. The Trust includes both faith and non-faith academies working closely together, all connected by the vision we share for our students. We value and respect the individuality of every child and believe their learning and development should be personal and holistic. We aim to support their well-being and help them achieve their best.

We want to provide exceptional learning and achievement for all in the Academy Trust through living up to our core values:

- Well-being
- Character
- Professional development
- Enrichment
- Partnership

Objectives, Strategies and Activities

The Trust's key objectives are:

1. All schools to show positive values for the progress and achievement of students from Reception to KS5
2. PAT as an organisation to promote sustainability, positive environmental stewardship, and work towards being energy efficient in a context of climate emergency
3. All school members of the PAT to be Ofsted rated 'good' or 'outstanding' by 2023
4. The Palladian Promise to be kept by all PAT schools
5. SIAMS inspections during the three-year period of the Plan will all be good and excellent; relationships between church schools and other PAT academies to be mutually enriching with opportunities for church schools to work collaboratively
6. All schools to offer a broad and balanced curriculum which offers significant opportunities for enrichment and cultural capital, which responds to new Ofsted expectations, and which promotes readiness for the next Key Stage
7. All schools to have a strong focus upon the wellbeing of their staff, community and pupils
8. All PAT students, parents and staff to develop learners' character in helping to develop effective, resilient and flexible learners

Report of the Trustees
for the Year Ended 31 August 2020

OBJECTIVES AND ACTIVITIES

The Trust's key objectives (continued):

9. PAT to prioritise professional development on a Trust-wide basis, with additional opportunities in training, networks and liaison available.
10. PAT to gain a strong local reputation as an employer of choice with excellent support for staff, including flexible working and regard for wellbeing and workload
11. Partnership: business function to be led and managed across the Trust, leading to cost-saving efficiencies, procurement and enhanced effectiveness
12. Communications: all channels to be developed appropriately, e.g. website, newsletters and social media, conveying a clear picture of the Trust and the benefits it offers to partners
13. Internal communications systems to promote access to data/documentation across schools, and intuitive messaging systems between colleagues
14. The Trust Board, School Governing Bodies and ELT to formulate and develop a PAT growth strategy which is sustainable, with systems and structures which support our well-balanced group of schools

PAT is a values-driven organisation whose values are lived out through the 'Palladian Promise' for pupils' personal development and character education. These objectives cover a range of aspirations from high moral purpose: environmental stewardship, to the practicalities of running an efficient and effective organisation. They are in operation for the three-year duration of the planning cycle.

A regular cycle has been established for appraisal, school development planning, and Academy Trust development planning, combined with review for the Board. School self-evaluation and development planning now takes place in the context of our Trust Development Plan (TDP), which allows for strongly cohesive goal setting and alignment. The Key Objectives are framed for alignment with our values: partnership, professional development, enrichment, wellbeing & character, employing the same language. The Executive Leadership Team has the primary aim of delivering the TDP, which is written in the context of our strategic framework: Key Objectives, The Palladian Promise, Vision and Values, building management structures/capability to achieve this. Working parties have been formed for the academic year 2020 - 21 which are predicated upon the goals of schools' development planning, such as in the case of curriculum and assessment.

Public Benefit

In setting our objective and planning our activities the trustees have carefully considered the Charity Commission's guidance on public benefit.

STRATEGIC REPORT

Achievement and performance

The Palladian Academy Trust is a highly accountable organisation, operating in the context of Ofsted inspection, DFE oversight of academies through the Regional Schools' Commissioner office in the SW, accountability through test and exam performance and the meeting of floor and other performance standards, and the monitoring of safeguarding by the Local Authority.

Achievement in the Academy Trust has been strong since our inception, as performance data will bear out, with relatively few causes for concern, and rapidly improving performance in its sponsored school, St Martin's Garden since its 'requiring improvement' Ofsted outcome in Term 6, 2019, which has responded especially strongly to the Covid19 emergency.

Where there is a cause for concern, the Academy Trust will be guided by its newly updated School Improvement Strategy to carry out action planning and effective intervention. Each line of the Trust Development Plan has specific success criteria which the Executive Leadership Team employ to evaluate for the Board of Trustees, which evidences oversight and challenge through its minutes of Board and Committee meetings.

Standard accountability is well established and the ELT is turning its attention in to the metrics of aspects of school life such as attendance at after-school clubs, the wellbeing of pupils, and opportunities for professional development, in line with our five values and vision for the Academy Trust.

At the year-end date, the Palladian Academy Trust was comprised of ten schools, with two schools joining during 2019 - 20: Fitzmaurice Primary School on 1 October 2019 and Winsley Church of England Primary School on 1 December 2019. All of our schools are good or outstanding, with one developing school.

Three PAT schools have been inspected under the new framework and found to be securely 'good' under the new framework.

Report of the Trustees
for the Year Ended 31 August 2020

STRATEGIC REPORT

Achievement and performance (continued)

Key Performance Indicators

1. Our emphasis on the core value of wellbeing is evidenced through three Ofsted inspection reports (Oldfield Park Infant School, Oldfield Park Junior School & St Philips Primary School) in Term 1 of 2019 - 20. This has gained a new, critical relevance since the end of March. Additionally, feedback from parents in surveys and informally has affirmed our support for the wellbeing of school communities or outstanding has been achieved in this academic year
2. Equally, there is clear evidence in inspection reports of our 'broad and balanced curriculum which supports enrichment. The impact of PAT collaboration and added value is demonstrated in the text of reports
3. Our objective for all schools to be rated good
4. SIAMS inspections are due from Term 1 of the academic year 2020 - 21, however delays are expected. Our relationship with the Diocese of Salisbury and Diocese of Bath and Wells are very strong and mutually supportive
5. CPD is another core value of the organisation. In support of this, and in line with our TDP, a new post of Leader of CPD has been created for 2020 - 21. Working parties to support school improvement work have been created, aligned strongly with all School Development Plans.
6. A number of schools have completely re-engineered their school websites to great benefit. This is part of our ongoing work in communications to synthesise more effectively our email systems as well as working towards a single log-in
7. Objective 11 is about the clarity of our governance and trustee reservoir. The Trust Board is now exceptionally strong, with an excellent skill set. This has supported especially our crisis response. The definition of roles has been supported by well attended whole-Trust training events
8. Secondary achievement is of course on a very different template in 2020 with teacher assessment. In the sixth form 46% of students achieved A*/A grades, while 73% of students achieved A* - B, and 95% achieved A* - C. In Year 11 students did exceptionally well with a Progress 8 score of 0.48. The achievement at 5 A* - C including English and Maths was 81%, and A/A* (level 9 - 7) was 38%. However the gap between disadvantaged learners and other learners - 1.46 - was wide and is a key target for development in 2020 - 22.
9. Progress of primary-aged learners has been very well supported through the introduction of INSIGHT tracking systems, and showed favourable patterns in line with our strong Ofsted profile until March 2020. Since that time our crisis response has been strong and well received by parents in all schools, coordinated by the Critical Incident Response Team, including 3 trustees. It is noticeable that interactivity with pupils and their homes has been effective, while attendance from 1 June has been strong, especially in the primary sector of the Trust. Some schools have near-normal attendance, and we are very well-placed to welcome all learners back on school sites from 1 September
10. It is also true to say, however, that early evidence shows that progress has been uneven during 'lockdown' and some students, especially those who are disadvantaged, will need additional interventions from 1 September to support their learning recovery. We have updated our School Improvement Strategy to this effect

Student Academic Performance

Primary Phase

In 2020 the usual measures in KS1 & KS2 for progress and accountability were suspended. From the end of March, teaching was generally delivered to learners working at home, although it was possible from the start of Term 6 to incrementally welcome them back onto sites. The 2019 - 20 academic year was one in which Insight tracking software was introduced successfully into PAT. Nevertheless, inputs were compromised by the lack of immediate contact with students, and difficulties in giving feedback.

From the start of September 2020 all schools have been working hard to baseline all learners and discover gaps which have appeared due to these interruptions to learning. This has particularly affected disadvantaged groups. Catch-up moneys are being deployed with this assessment information in mind. It appears that productive skills (writing, speaking) have been affected more directly than receptive skills (reading, listening), and this is not surprising. It is, as always, the first priority of the Trust to support the progress of all students to a good standard of development, and the particular context of 2020 has presented new challenges in this. All the same, schools are positive both about the baselining carried out early in this academic year, and the ability of learners to progress.

**Report of the Trustees
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STRATEGIC REPORT

Achievement and performance (continued)

Secondary Phase

KS4 Results 2019-20

Ralph Allen GCSE Examination results for the last four years

	2016 PP 16%	2017 PP 18%	2018 PP 27%	2019 PP 20%	2020 PP 17 %
Progress 8	0	0.2	0.08	0.09	0.48
Progress 8 non pp	0.18	0.29	0.3	0.26	0.72
Progress 8 pp	-0.98	-0.17	-0.5	-0.51	-0.74
Gap	1.16	0.46	0.8	0.77	1.46
Progress 8 boys/girls	0.18/0.03	-0.3/0.2	-0.16/0.22	-0.23/0.59	0.26/0.54
% 5 A* - C EM	70%	72%	69%	74%	81%
% 5 A* - C EM non PP	74.3%	75%	80%	81%	87%
% 5 A* - C EM PP	44.4%	61%	36%	45%	54%
Gap between A*-C pp non pp	29.9%	14%	44%	36%	33%
% A* - A (9-7)	32%	26%	31%	33%	38%
% students achieving 5 or more A*-A grades	30%	23%	23%		31%
% students achieving a positive P8 grade		59%	55%	55%	71%

KS5 Results 2018-19:

Ralph Allen School A-Level summary for the last five years

Year	Candidates	A* & A grades	A* - B grades	A* - C Grades	Points per student (All)	Points per student (F)	Points per student (M)	VA
2015	117	29%	61%	85%	775.48	796.02	747.49	
2016	113	24%	52%	82%	774.37	789.92	752.94	
2017	99	28%	62%	85%	36.9	39.1	33.8	
2018	104	46%	73%	92%	42.43	39.5	45.3	
2019	79	34%	63%	84%	39.7	39.6	39.9	0.29
2020		46%	73%	95%	43.2	44.29	41.68	0.51

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

The wider system implications of Covid-19 on future delivery of our charitable objectives will be greatly influenced by our fiscal and social context. This issue remains a key watching brief next year and beyond.

Promoting the success of the company

Under section 172(1) (1) to (f) of the companies Act 2006, directors of a company must act in a way most likely to promote the success of the company, and in doing so must have regard to :

- The likely consequences of any decisions in the long term
- The interest of the company's employees
- The need to foster the company's business relationship with supplier, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the company

The trustees have had regard to the above matters and have included examples throughout the trustees annual report and strategic report to highlight how the Trust has promoted the success of the charity to achieve its charitable purpose.

**Report of the Trustees
for the Year Ended 31 August 2020**

STRATEGIC REPORT

Financial review

The Academy Trust's accounting period covers the twelve months from 1 September 2019 to 31 August 2020. The Academy Trust has adopted the Financial Handbook, extant from 1 September 2019 for this accounting period.

Most of the Academy Trust's income is obtained from the Education and Skills Funding Authority (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the 12 month period ended 31 August 2020, and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The Academy Trust also received grants for fixed assets from the ESFA which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned.

The Academy Trust has delivered a new build via the local authority Basic Need Fund to a total of £2,165,000 with occupation in the new term of 20/21. During the year £793,270 of School Condition Allocation (SCA) and Devolved Formula Capital (DFC) grant funding has been received.

The trust was forecasting a year end deficit. However, due to deferred spending as a direct result of Covid-19 interruptions, we are reporting a surplus on general restricted funds (excluding pension reserve) plus unrestricted funds of £456,630 for the year ended 31 August 2020. The deferred planned activity (around £700k) has been progressing from September 2020 in Covid secure ways to ensure the safe running of the trust. In addition, the in year surplus has been distorted by the historical reserves brought into the trust by the two new schools which joined.

Trustees have considered the mitigation of Covid-19 impact throughout decision making and financial planning. Key decisions include postponing reorganisation activities, increasing investment in remote learning environment, expanding cleaning & hygiene facilities as well as incurring or displacing spending to provide Covid 19 secure workplaces. This enabled all our schools to remain open during the 19/20 performance year.

Some of the land and buildings recognised on conversion in prior years and on conversion in the current year comprise land and buildings owned by the Diocese of Bath & Wells and the Diocese of Salisbury. The Academy Trust has been granted the use of this land and buildings by the dioceses under Supplemental agreements. The Accounts Direction 2019 to 2020 requires the Academy Trust to determine whether it's rights over the premises meet the definition of an asset. In reaching this conclusion the Academy Trust has taken into account the views of each diocese. The Academy Trust has concluded based upon guidance from the respective diocese that the land and buildings owned by the Diocese of Bath & Wells should be recognised as assets on the balance sheet, on the basis that the Academy Trust has control over the access and works to this land and buildings, whereas for the Diocese of Salisbury the land and buildings have not been included as assets on the balance sheet as the Academy Trust is deemed to not have sufficient control over the site. See note 14 to the financial statements for more detail. Should further guidance on this treatment from the ESFA or either diocese becomes available in the future, the appropriateness of this treatment will be re-assessed.

As discussed in the accounting policies, leasehold land and buildings for new member schools joining the Academy Trust were valued internally by the Trustees by benchmarking the schools against publicly available valuations of schools in other locations in the absence of the DfE valuations (delayed by Covid 19).

Investment policy and objectives

The Academy Trust does not currently hold any significant investments other than periodic credit balances on its bank account on which it earns interest from time to time. If these surplus balances were to grow to any substantial level the Trust would apply the Trustees' investment powers as set down in the Memorandum and Articles of Association.

Reserves policy

The Trustees' policy is to generate reserves to provide funds to continue to enhance the educational facilities and services of the Academy Trust and to fund future projects. The reserves should ideally rest between 10-40 days running costs plus identified significant or capital projects contributions for future years. This would require reserves of between approximately £490,000 and £1,980,000. The Trustees intend to review the Reserves Policy annually to ensure that its aim is being achieved and believe that in the current year that has been achieved, with the acknowledgment that Covid-19 impact should be reviewed in the coming year to inform future reserves policy development.

In total, the funds of the Academy Trust at 31 August 2020 were £61,178,214 which is represented by £1,613,828 of unrestricted funds and £59,573,386 of restricted funds. £67,391,880 of restricted funds are represented by the net book value of fixed assets which can only be realised through the disposal of the fixed assets.

Report of the Trustees
for the Year Ended 31 August 2020

STRATEGIC REPORT

Reserves policy (continued)

At the balance sheet date, the Academy Trust had free reserves (total funds less the amount held in fixed assets, any designated funds and restricted funds) of £1,278,323. The total balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds was £1,944,407, which is broadly in line with the Reserves Policy.

The unrestricted funds and restricted general funds (excluding pension reserve) balance relating to individual schools within the multi Academy Trust is separately monitored by the Academy Trust. These balances are disclosed within note 22 to the financial statements.

The Academy Trust has a designated fund representing any monies held by individual schools as part of their School Funds set aside to pursue extracurricular activities. At the year end date £335,505 in total was held in the School Funds for the schools within the Academy Trust.

Under Accounting Standard FRS102, it is necessary to charge projected deficits on the Local Government Pension Scheme, provided to support staff, to a restricted pension reserve. This was a deficit of £9,292,000 at the year end date. The actuarial valuation resulting in the pension deficit does not present the Academy Trust with any current liquidity problem as it is not a liability that must be settled immediately. More detail can be seen in note 23 of the financial statements. McCloud treatment allowance has been accounted for in the LGPS fund 2019 actuarial valuation together with the two new academies which joined the trust in the year.

Fundraising

Trustees take their responsibilities for fundraising seriously and comply with the Fundraising Regulator's Code of Fundraising Practice. The Trustees are aware of the Charity Commission publication on this matter and adopt the following principles to support fundraising;

- Planning effectively.
- Supervising fundraisers.
- Protecting the Academy Trust's reputation, money and other assets.
- Identifying and ensuring compliance with the laws or regulations that apply specifically to the Academy Trust's fundraising.
- Identifying and following any recognised standards that apply to the Academy Trust's fundraising.
- Being open and accountable.

The Academy Trust hasn't utilised any commercial participators or professional fundraisers during this period. Schools work with their parents and local Parent, Teacher Association (PTA) to engage their community in honest, open and transparent activities for local fundraising and voluntary contribution requests. All fundraising is monitored by Trustees. The trust has registered for gift aid.

Principal Risks and Uncertainties

The Academy Trust's financial team, the Finance and Resources Committee and the Board of Trustees continually review the Academy Trust's financial position and consider possible risks which may affect financial liquidity. The Trustees are not aware of any immediate risks to the financial position at present and continue to plan for the consequences of reduced real cash funding with an analysis covering several years. The Academy Trust has considerable reliance on continued Government funding through the EFSA, although we expect this to continue, there are no assurances that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The Academy Trust is aware of other principal risks, which are:

- raised expectations of curriculum provision enshrined within the new Ofsted framework: learning residue, curriculum sequencing and cohesion across Key Stages
- additional changes in the 2019 framework to which schools must adapt - non-controllable increases in costs - pay awards, national insurance & pension reform and wider inflationary cost increases to utilities and other services.
- continued funding reductions and budget cuts across the wider public and transport sector which directly impact on parents, pupils and school partners.
- campus facilities and ICT infrastructure requiring improvement across all of its estates
- declaration of climate emergency in locality with the aim to achieve carbon neutrality by 2030
- those presented by Covid19 as we plan to return all learners to school sites from September 2020, normalising attendance, stabilising progress & mitigating the effects of uneven learning trajectory during lockdown
- How the financial and operational effects of Covid19 will affect the Trust during 2020 and beyond.
- Any implications of increased McCloud judgement pension liabilities arising from the latest Government consultation

**Report of the Trustees
for the Year Ended 31 August 2020**

STRATEGIC REPORT

Principal Risks and Uncertainties (continued)

The Trustees seek to mitigate or remove these risks by:

- the outstanding learning provision with progression for all learners.
- continual scrutiny and monitoring of expenditure.
- the existence of plans for future campus developments and readiness to submit bids for any expenditure that becomes available.
- identifying synergistic savings within the Multi-Academy Trust.
- ensuring that there is secure knowledge of our profile and our offer within our community of schools, businesses, partners and wider markets.
- identifying where our organisation can contribute to reducing and reversing the risk of climate change through review of our policy and practise related to curriculum and running our organisation.
- accelerating and emphasising single employer opportunities in recruitment and retention, shadow structures and 'growing talent' activity.
- a values-driven approach, through the delivery of the Palladian Promise and Trust Development Plan predicated upon our five core values.
- strongly centralised crisis response through the CIRT group, which has the skill set to support and challenge all schools, with trustee capacity integrated

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

Future plans

- Embed the Palladian Promise which is a powerful statement of our philosophy and the living out of our values.
- Refine Growth Strategy in light of the evolving landscape, including the wider development of relationships with Wiltshire, Somerset and Bath schools and a focus on secondary phase school improvement work.
- Develop teaching and learning professional development partners as part of the work of the teaching school alliance, coordinated by the new role of Leader of CPD from Jan 2021
- Continue with environmental scanning for enablers to progress collaborative working and learning and develop the school peer review model in line with school improvement strategy, with the support of Challenge Partners and (in sponsored school) Pixl
- Refresh financial forecasts in the light of the government funding announcements and wider system budgetary challenges and cuts including Covid-19 recovery
- Formulate a strategy to achieve balanced budgets through an affordable curriculum, integrated planning, and the focused development of resources, staffing structures and campus
- Refine the Estates Strategy, in particular master planning, condition, suitability and compliance in response to the climate emergency declaration and movement to the School Condition Allocation model of funding from the Education Skills Finance Agency

STRUCTURE, GOVERNANCE AND MANAGEMENT

Charity constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Trustees of Palladian Academy Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Palladian Academy Trust.

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

Members' Liability

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

Trustees' Indemnities

In accordance with current education sector practice the Academy Trust has become a member of the government run Risk Protection Arrangements (RPA) to protect Trustees and officers from claims arising from breach of duty, breach of trust, neglect, error or omission committed solely in the course of Academy Trust business. The arrangements provide cover up to £10,000,000 on any one loss and any one membership year.

Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed by the members. Foundation Trustees are appointed by the Bath and Wells Diocese Board of Education (DBE) Trust or the Salisbury Diocese Board of Education in accordance with the memorandum of understanding. The Chief Executive Officer (CEO) of the Academy Trust is appointed by the Trustees. The Chair of the Trustees is elected annually by the Trustees. Chairs of committees including School Local Governing Bodies are also appointed by the Trustees.

**Report of the Trustees
for the Year Ended 31 August 2020**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Method of Recruitment and Appointment or Election of Trustees (continued)

The Articles stipulate that the Academy Trust shall have the following Trustees:

- Up to 7 Trustees appointed by the Trust Members
- Up to 4 Trustees appointed by the diocese, subject to the condition that the number of such Trustees should not exceed one third of the total number
- The Chief Executive Officer, as Accounting Officer

In appointing Trustees, the Trust Members seek to bring an appropriate range of skills and experience into the Board of Trustees in order for it to carry out its responsibilities effectively and to promote the success of the charity to achieve its charitable purpose. Up to two co-opted Trustees can be appointed as detailed in article 58 of the Articles of Association. The trust utilises organisations such as Academies Ambassadors to support recruitment of high quality and skilled trustees.

Trustees are appointed for a four year period, except that this time limit does not apply to the Chief Executive Officer. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed. Trustees will usually be linked to a specific school governing body committee to promote communication and understanding, strengthening inter-school connection and specific interests of foundation trustees and schools.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend on their existing experience but would always include meetings with the Chief Executive Officer, the Chief Operating Officer and the Chair of Trustees to ensure clarity around expectations on both sides. They would normally be expected to join a committee, so a meeting with the Chair of that committee will also happen. Due to the impact of Covid-19 and safe working practices all group governance activity temporarily moved on-line in March, including training and induction meetings.

A tour of the Academies within the Academy Trust should be conducted as soon as is practicable, and the opportunity taken to meet with the Headteachers of each Academy if possible. Where possible these meetings have continued on-line as part of Covid-19 response. Trustees will be given an Academy Trust specific email address, and access to policies, frameworks, plans and documents (including the Academies Financial Handbook and Nolan Principles) as needed to enable them to undertake their role as Trustees. The Academy Trust encourages Trustees and committee members to attend internal and external training and development courses, and the Clerk regularly sends out lists of courses, network opportunities and professional resources including membership to the National Governance Association (NGA). Trust wide governance meetings have attracted between 60-70 attendees at both online and in person events and are designed with specific focus in developing and delivering the charitable objectives of the trust.

Organisational Structure

The Academy Trust's Members are the custodians of the constitution and will consider, and if appropriate, approve any changes to the Articles of Association at a general meeting. They will also receive the statutory accounts at the Annual General Meeting.

The Academy Trust is established on the basis that the Board of Trustees has significant levels of power and authority to ensure solvency and to determine strategy, policy and standards for the Academy Trust as a whole. School Governing Bodies and other Academy Trust-wide committees have duties to support the Board of Trustees in these responsibilities, to focus on the delivery of the vision against the Academy Trust's standards and to engage with stakeholders internally and externally to ensure their needs are being met. The Board of Trustees meets at least six times a year.

The Academy Trust has developed a Governance Framework document and financial scheme of delegation to clearly communicate the scheme of delegation (including reserved matters that cannot be delegated to committees), which describes the membership, terms of reference and procedures for Committees of the Board. The Board of Trustees is also the source of delegation to the Executive Leadership Team (ELT) and its members. All delegation to staff then flows from the ELT.

Apart from the School Governing Bodies, there are four trust wide standing committees; Audit and Risk Management, Finance and Resources, Human Resources, Remuneration and Selection and Performance & Achievement. Additionally, as an advisory group of the Trust Board, the Trust has constituted a Chair of Committees Group, consisting of the Chair of the Trustees, and the Chairs of each of the Trust wide and School Governing Bodies. The Board of Trustees reserves decisions such as: approving the development plan and budget; considering any proposals for changes to the status or the constitution of the Academy Trust and its committee structure; and appointing or removing the Chair of the Board of Trustees, CEO and Clerk to the Board of Trustees.

Report of the Trustees
for the Year Ended 31 August 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational Structure (continued)

The Board of Trustees has devolved the day-to-day operational management of the Academy Trust to the CEO. The CEO leads the Executive Leadership Team which also includes the Chief Operating Officer (COO), Director of School Improvement (DSI) and the Headteachers. A Core team from this number have been operating during this year period to support that planning and implementation of ELT activity, this team are made up of the CEO, COO, DSI, a secondary phase head and two primary phase heads.

Response to the pandemic crisis has been to create a time limited committee with delegated powers from the Board to support and challenge decision making across the organisation in response to Covid-19 emergency planning. This group is a combination of trustees and the Core ELT and reports to the Audit & Risk Committee.

Details of the Members, Trustees, Clerk and Executive Leadership Team are included in the Administrative Details on Page 1.

Key management remuneration

The Trustees of the Palladian Academy Trust and the Executive Leadership Team, comprising the Chief Executive Officer, Chief Operating Officer, Director of School Improvement and the Headteacher of each school are the key management personnel of the Trust.

The Trustees give their time freely and no Trustee remuneration was paid in the year in respect of fulfilling their role as Trustees. Staff Trustees only receive remuneration in respect of services they provide undertaking their roles as staff members.

The pay of senior staff is set in accordance with National Teachers pay and staffing conditions. The pay of senior staff is reviewed and agreed annually by the Board of Trustees with the support of the HR, Remuneration & Selection Committee in line with the national cost of living pay awards for teaching and support staff. In addition, there is a Chief Executive's Appraisal Panel to oversee the process of appraisal for the CEO's performance in line with the Academy Trust's appraisal and remuneration policies and other related HR policies and procedures. Senior staff can also be awarded pay increments by the HR, Remuneration and Selection Committee only after a successful performance review process has been carried out in line with the Academy Trust's Pay Policy.

Trade Union Facility Time

Under the provision of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an Academy Trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in Schedule 2 of the Regulations. Facility time publication legislation requires public sector employers with more than 49 full-time equivalent employees to publish information every year about their usage and spend on trade union facility time. Facility time is the provision of paid or unpaid time off from an employee's normal role to undertake trade union duties and activities a trade union representative. There is a statutory entitlement to reasonable paid time off for undertaking union duties (but not activities).

The Palladian Academy Trust meets its statutory obligations to provide facility time to trade union representatives by pooling resources with other schools and academies within the Local Authority, to cover the time spent by trade union representatives across a number of different employers. No relevant union officials are therefore employed by the Academy Trust. We will, therefore, publish facility time information as the total cost of our contribution to pooled facility time expressed as a percentage of our total pay bill for the relevant period. For the period 1 April 2019 - 31 March 2020, the Palladian Academy Trust spent 0.06% of the total pay bill on facility time.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of the Palladian Academy Trust. The Academy Trust regularly collaborates with other multi academy trusts and networks, local universities, diocese and other primary and secondary school networks in relation to general delivery of charitable objectives and active participation in our local community.

There are a number of Parent Teacher Associations (PTAs) associated with individual academies in our Academy Trust.

The Trust applies the policy of 'at-cost' and full disclosure of any related party transactions. It is the Academy Trust's intention to keep any related party transactions to a minimum unless they represent greater value for money than the alternative. Approval in advance from the ESFA was obtained during this period to engage Trustee Ruth Balch in related party and arms length transaction to the value of £350. This activity was managed in line with policy guidelines.

Report of the Trustees
for the Year Ended 31 August 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT

Engagement with employees (including disabled persons)

The Academy Trust is committed to employee involvement throughout the Academy Trust. Employees are kept well informed and participate in development of the aims and strategy of the Academy Trust through a variety of communications such as personal briefings, regular meetings, trust wide training days and sessions, workforce working party & survey, emails and publications including staff handbook and newsletters and leadership bulletins. Individual staff and team performance and contribution is clearly linked to the success of the organisation, overall pupil experience and community standing. High levels of employee consultation have been crucial to the production and development of Risk Assessments (organisational and individual) to mitigate risks associated with Covid-19 and enable all trust schools to open throughout this reporting period. Wellbeing remains a key value and focus of the trust and additional support has been procured for an employee assistance scheme including counselling provision and a access to a cycle to work scheme to encourage active travel.

The Academy Trust is clear in its policy that people with disabilities should have full and fair consideration for all vacancies. The Academy Trust has a commitment to interviewing those people with disabilities who fulfil the minimum requirements. The Academy Trust is committed to retaining employees in the workforce if they become disabled during employment. The Academy Trust acts to adjust employees' environments or hours or days of work where possible to enable them to maximise their potential and uses occupational health services to advise about reasonable adjustments the organisation should put in place.

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

Pupil, parent, supplier and wider community engagement and impact has been clear during the Covid-19 disruptions since March. All of the Trust's schools remained open, providing Free School Meal packs and vouchers to those families most in need, provision for key worker and vulnerable pupils including covering holiday periods. The Trust has been able to support key business relationships and local providers with the proportionate application of the procurement notices PPN 02/20 & 04/20 published by the Cabinet. Meaning we have supported system capacity in areas such as catering, cleaning, staffing supply and exam provision.

The trust has declared a climate emergency and aims to be carbon neutral in 2030. Identification of decarbonisation opportunities has resulted in preparations for submission to the Government's Salix decarbonisation grant scheme. Key contracts have been renegotiated with climate impact a key component.

The Trust benefits from the generosity of the community, governors, staff and parents volunteering significant time to support our charitable activities. As a result of Covid-19 the 'in-school' volunteer workforce has been severely restricted in support of safe working and social distancing requirements. There has also been a negative impact on general parental voluntary donations, school fundraising activities by PTA's and income from letting the school for the wider community benefit. The Trust has maintained communication and connection with all parties to offer and receive support through this period.

STREAMLINED ENERGY AND CARBON REPORTING

UK Greenhouse gas emissions and energy use data

1 September 2019 to 31 August 2020

Energy consumption used to calculate emissions (kWh) 2,835,471

Energy consumption break down (KWh)

- Gas	1,973,837
- Electricity	861,582
- Transport fuel	52

Scope 1 emissions in metric tonnes CO₂e

Gas consumption	362.93
Owned transport (mini buses)	3.06
Total scope 1	365.99

Scope 2 emissions in metric tonnes CO₂e

Purchased electricity	200.87
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Scope 2 emissions in metric tonnes CO₂e

Business travel in employee owned vehicles	0.69
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Total gross emissions in metric tonnes CO₂e 567.55

Intensity ratio

Tonnes CO ₂ e per pupil	0.17
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**Report of the Trustees
for the Year Ended 31 August 2020**

STREAMLINED ENERGY AND CARBON REPORTING (continued)

Quantification and Reporting Methodology

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol - Corporate Standards and have used the 2020 Government 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 increased online conferencing for staff, parent and business meetings, accelerated by the Covid-19 pandemic impact on operational activities, which has reduced the need for travel between sites.

We have submitted bids to the public sector decarbonisation fund to replace old gas boilers with air source heat pumps. We have also submitted a bid to help develop a decarbonisation plan.

We have a programme of smart meter installation, which has been disrupted by Covid 19 and is due to recommence in 2021.

We have become founding members of the Schools Climate Network (SCN) to promote energy efficiency action including curriculum development. Our schools have implemented energy efficiency drives involving staff, pupils and parents.

These works are examples of our action in response to our strategic intent detailed in our declaration of a trust wide climate emergency and desire to be carbon neutral by 2030.

FUNDS HELD AS CUSTODIAN FOR OTHERS

No funds were held as a custodian on behalf of others.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the academy trust's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the academy trust's auditors are aware of that information.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on and signed on the board's behalf by:

.....
R A Franks – Chair (from 12.12.19)

Palladian Academy Trust

Governance Statement for the Year Ended 31 August 2020

Scope of Responsibility

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

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

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

Governance

The information on governance included here supplements that described in the Report of the Trustees and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 7 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
R Franks (appointed as trustee 28.11.19 and Chair 12.12.19)	5	5
C James (resigned as trustee and Chair 12.12.19)	3	3
S Apps	5	7
R Balch	5	7
P Black	2	7
R Bullard	4	7
E Commander (appointed 28.11.19)	5	5
W Hobhouse	3	7
C Mason	6	7
C Mercer	6	7
A Moore	5	7
A Norman (appointed 12.12.19)	3	4
M Robbins (appointed 08.10.19)	4	4
R Whelan	7	7
T Withers (CEO and accounting officer)	7	7

The activities of the Board of Trustees have covered the following:

- Determining a vision for the Academy Trust that promotes learning and the moral, social and cultural development of pupils and students.
- Ensuring that the vision and its achievement underpins all strategic planning and decision making including a targeted growth plan with cross local authority and secondary phases focus.
- Developing the values of the Academy Trust and ensure that they underpin all decision making.
- Developing, agreeing, implementing and monitoring all the Academy Trust's strategies and policies for the achievement of the vision.
- Developing, reviewing and taking ownership of the Academy Trust's strategic plan (incorporating academy financial plans), and monitoring its implementation.
- Ensuring that the Academy Trust keeps within its legal obligations and complies with all necessary constitutional and regulatory requirements.
- Ensuring that the Academy Trust remains solvent through effective financial planning, performance monitoring, risk management and a focus on value for money.
- Ensuring that all academies within the Academy Trust attain high standards and demonstrate at least good progress against national indicators.
- Agreeing and overseeing the implementation of a strategy for the development of the Academy Trust, including development of key partners at member, board and school level.
- Providing challenge and support to the Chief Executive and the other members of the Executive Leadership Team.
- Maintaining an overall control and consistency of approach across the Academy Trust and its academies through annual review which has informed development of:
 - Strong governance arrangements by enhancing committee arrangements for standards and educational outcomes, specific link trustees and growth of trustee expertise in business growth.
 - Clear and appropriate levels of delegated authority by refreshing the governance framework and clarifying the roles and relationship between the board and the school governing body committees in relation to standards, finance and governance recruitment and development in particular.
 - Unified frameworks for strategic planning, risk management, policy making and performance review including progress of pupil attainment.

Palladian Academy Trust

Governance Statement for the Year Ended 31 August 2020

The activities of the Board of Trustees (continued):

- The promotion of collaborative working and the sharing of resources across all academies within the Academy Trust by strengthening the professional expertise in central services across human resources, governance, finance and compliance and communication.
- Development of Progress & Achievement trust wide sub-committee (for adoption from Sept 2020)

Governance reviews

The Academy Trust has utilised the services of the National Governance Association (NGA) and specifically recruited a trustee who was designated a National Leader of Governance in 2016, recognising her contribution to school improvement in this area, to support the Board and to be a governor at Combe Down Primary School.

The Academy Trust arranged specific training and whole governance briefing sessions for risk management, major incident planning, Ofsted and the New Framework and targeted skill uplifting for disadvantaged pupils, school data and exclusion processes. The self evaluation (internal and external) of governance is embedded in the governance calendar of activity to ensure annual review is discussed and findings harvested by the board.

Finance and Resources Committee

The Finance and Resources Committee is a sub-committee of the main Board of Trustees. During the year the committee met five times and activities covered:

- Ensuring that The Academy Trust's framework of financial planning, treasury management, systems and controls is enabling the proper management of the financial resources across the Academy Trust.
- Supporting the Board of Trustees in ensuring that a framework is established and maintained for optimising the employment of all financial and other resources (not human) available to the Academy Trust to enable it to meet its business and financial objectives.
- Supporting the Board of Trustees in providing an added level of scrutiny in the monitoring of finance and resources.
- Keeping the Board of Trustees regularly informed of the committee's activities and key decisions.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
R Whelan (Chair)	5	5
R Bullard	4	5
M Robbins (appointed 8.10.19)	3	4
T Withers	5	5

Audit and Risk Committee

The Audit and Risk Committee is a sub-committee of the main Board of Trustees. During the year the committee met four times and activities covered;

- Monitoring and assessing internal controls to ensure that the Academy Trust as a whole is operating at appropriate levels of risk and in compliance with the Code of Audit Practice.
- Taking responsibility for external and internal audit matters, oversee the work programme and performance quality of the internal and external audit services.
- Supporting the Board of Trustees in ensuring that a framework is established and maintained for the identification and management of risk.
- Supporting the Board of Trustees in providing an added level of scrutiny in the monitoring of audit and risk.
- Keeping the Board of Trustees regularly informed of the committee's activities and key decisions.

Attendance at meetings in the period was as follows:

Trustee	Meetings attended	Out of a possible
C Mason (Chair)	4	4
R Balch	4	4
E Commander (appointed 28.11.19)	1	3
T Withers	4	4

Review of Value for Money

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

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

Palladian Academy Trust

Governance Statement **for the Year Ended 31 August 2020**

Review of Value for Money (continued)

The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

- Delivery of an 8 classroom block at Ralph Allen School. These works will have a direct impact on the physical campus and the learning environment of our pupils and staff and provide certainty for additional secondary places within the locality. Despite the challenging conditions encountered with Covid-19 the project was delivered within budget and minimal delay.
- Extended primary phase sports coach provision by pooling school funds, making direct employments and strengthening relationships with local charitable foundations. Resulting in sustainable structures and increased professional partnerships in support of pupil outcomes.
- Grounds Management Tender: A tender was completed and the recommendation will provide the Trust with a £52,784 saving over the initial contract term (3yrs).

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Palladian Academy Trust for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and Resources Committee and the Audit and Risk Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees have considered the need for a specific internal audit function and has decided to appoint One West, an internal auditor.

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

- reviewing the financial procedures and scheme of delegation
- testing of purchasing systems
- testing of related party transactions
- testing of the trust risk register
- health check of internal controls procedure for two new academies joined in year

The internal auditor reported to the Board of Trustees, through the Audit and Risk Committee, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The annual report will be submitted to the DfE along with the audited accounts.

As planned, these checks have included checking key financial systems of payroll, purchasing and income for the two newly joined academies in the year, transactional purchasing, purchase card testing, cash handling, related party transactions, trust risk register, no material issues were noted. All system checks, including additional dip sampling by the Principal, Accounting Officer and COO are reported to the Audit and Risk Committee.

Palladian Academy Trust

Governance Statement
for the Year Ended 31 August 2020

Review of Effectiveness

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

- the work of the internal auditor;
- the work of the external auditor;
- the adoption of the Academy Trust's Governance Framework by all schools joining the trust at the point of conversion;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on and signed on its behalf by:

.....
R A Franks – Chair (from 12.12.19)

.....
T Withers - Accounting Officer

Palladian Academy Trust

**Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2020**

As accounting officer of Palladian Academy Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and 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 trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2019.

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

.....
T Withers - Accounting Officer

Date:

Palladian Academy Trust

**Statement of Trustees' Responsibilities
for the Year Ended 31 August 2020**

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

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

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2019 and Academies Accounts Direction 2019 to 2020;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether or not applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

The trustees are responsible for the maintenance and integrity of the 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 board of trustees on and signed on its behalf by:

.....
R A Franks - Chair (from 12.12.19)

**Report of the Independent Auditors to the Members of
Palladian Academy Trust**

Opinion

We have audited the financial statements of Palladian Academy Trust (the 'academy trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, 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' and the Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency (ESFA).

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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland';
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2019 to 2020.

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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy 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 trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

**Report of the Independent Auditors to the Members of
Palladian Academy Trust**

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for assessing the academy trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the academy trust or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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 Report of the Independent Auditors.

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 the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Gare (Senior Statutory Auditor)
for and on behalf of MHA Monahans
Statutory Auditor
Chartered Accountants
Fortescue House
Court Street
Trowbridge
Wiltshire
BA14 8FA

Date:

**Independent Reporting Accountant's Assurance Report on Regularity to
Palladian Academy Trust and the Education and Skills Funding Agency**

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

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

The accounting officer is responsible, under the requirements of Palladian Academy Trust's funding agreement with the Secretary of State for Education 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 period 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 the 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.

The work undertaken to draw to our conclusion, includes, but is not limited to:

- Enquiry of senior management and the Academy's Trustees.
- Inspection and review of the accounting records, meeting minutes, prior year regularity report, internal control procedures, management representations and declarations of interest.
- Observation and re-performance of the financial controls.
- Review of the results of the Academy's process of independent checking of financial controls, systems, transactions and risks
- Consideration of governance issues

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 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.

MHA Monahans
Chartered Accountants
Fortescue House
Court Street
Trowbridge
Wiltshire
BA14 8FA

Date:

Palladian Academy Trust

**Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2020**

					2020	2019
	Notes	Unrestricted funds £	Restricted funds £	Restricted Fixed Asset Funds £	Total funds £	Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	2	172,071	23,300	1,148,057	1,343,428	3,718,373
Transfer from Local Authority on conversion	26	187,821	(455,816)	8,294,886	8,026,891	-
Charitable activities						
Funding for the academy's educational operations	3	486,571	17,132,581	-	17,619,152	15,029,249
Other trading activities	4	369,668	-	-	369,668	409,037
Investment income	5	<u>2,674</u>	<u>-</u>	<u>-</u>	<u>2,674</u>	<u>1,921</u>
Total		1,218,805	16,700,065	9,442,943	27,361,813	19,158,580
EXPENDITURE ON						
Raising funds	7	319,650	-	-	319,650	103,538
Charitable activities						
Academy's educational operations	3	424,904	17,817,040	950,054	19,191,998	16,899,086
Total	6	<u>744,554</u>	<u>17,817,040</u>	<u>950,054</u>	<u>19,511,648</u>	<u>17,002,624</u>
NET INCOME/(EXPENDITURE)		474,251	(1,116,975)	8,492,889	7,850,165	2,155,956
Transfers between funds	22	<u>(46,639)</u>	<u>(10,305)</u>	<u>56,944</u>	<u>-</u>	<u>-</u>
Other recognised gains/(losses)						
Actuarial gains/(losses) on defined benefit schemes		<u>-</u>	<u>(209,000)</u>	<u>-</u>	<u>(209,000)</u>	<u>(1,309,000)</u>
Net movement in funds		427,612	(1,336,280)	8,549,833	7,641,165	846,956
RECONCILIATION OF FUNDS						
Total funds brought forward		<u>1,186,216</u>	<u>(7,625,141)</u>	<u>59,984,974</u>	<u>53,546,049</u>	<u>52,699,093</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>1,613,828</u></u>	<u><u>(8,961,421)</u></u>	<u><u>68,534,807</u></u>	<u><u>61,187,214</u></u>	<u><u>53,546,049</u></u>

All of the academy trust's activities derive from acquisitions in the current year.

The notes form part of these financial statements

Palladian Academy Trust (Registered number: 08061092)

Balance Sheet
31 August 2020

	Notes	2020 £	2019 £
FIXED ASSETS			
Tangible assets	14	67,391,880	57,977,802
CURRENT ASSETS			
Debtors	15	928,711	2,848,953
Cash at bank and in hand		<u>4,021,040</u>	<u>2,540,582</u>
		4,949,751	5,389,535
CREDITORS			
Amounts falling due within one year	16	<u>(1,644,099)</u>	<u>(1,669,040)</u>
NET CURRENT ASSETS		<u>3,305,652</u>	<u>3,720,495</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		70,697,532	61,698,297
CREDITORS			
Amounts falling due after more than one year	17	(218,318)	(257,248)
PENSION LIABILITY	23	<u>(9,292,000)</u>	<u>(7,895,000)</u>
NET ASSETS		<u><u>61,187,214</u></u>	<u><u>53,546,049</u></u>
FUNDS	22		
Fixed asset fund		68,534,807	59,984,974
Restricted income funds		330,579	269,859
Pension reserve		<u>(9,290,000)</u>	<u>(7,895,000)</u>
Total restricted funds		59,573,386	53,359,833
Unrestricted funds		<u>1,613,828</u>	<u>1,186,216</u>
TOTAL FUNDS		<u><u>61,187,214</u></u>	<u><u>53,546,049</u></u>

The financial statements were approved by the Board of Trustees and authorised for issue on and were signed on its behalf by:

.....
R A Franks - Chair (from 12.12.19)

Palladian Academy Trust

Cash Flow Statement
for the Year Ended 31 August 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	27	1,946,014	(2,532,818)
Interest paid		<u>(2,196)</u>	<u>(16)</u>
Net cash provided by/(used in) operating activities		<u>1,943,818</u>	<u>(2,532,834)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,830,880)	(2,163,962)
Capital grants from DfE/EFA		1,148,057	3,932,581
Interest received		<u>2,674</u>	<u>1,921</u>
Net cash (used in)/provided by investing activities		<u>(680,149)</u>	<u>1,770,540</u>
Cash flows from financing activities			
New loans in year		-	246,142
Loan repayments in year		<u>(31,702)</u>	<u>(13,102)</u>
Net cash (used in)/provided by financing activities		<u>(31,702)</u>	<u>233,040</u>
Cash transferred on conversion to an academy		<u>248,491</u>	<u>-</u>
Change in cash and cash equivalents in the reporting period		1,480,458	(529,254)
Cash and cash equivalents at the beginning of the reporting period		<u>2,540,582</u>	<u>3,069,836</u>
Cash and cash equivalents at the end of the reporting period		<u>4,021,040</u>	<u>2,540,582</u>

The notes form part of these financial statements

Palladian Academy Trust

Notes to the Financial Statements **for the Year Ended 31 August 2020**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2019 to 2020 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

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

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements. The trustees have considered the impact of the Covid-19 pandemic in reaching this conclusion.

Income

All income is recognised in the Statement of Financial Activities once the academy trust has entitlement to the funds, it is probable that the income will be received 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 period is deducted from income and recognised as a liability.

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

Donations

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

Other income

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

Transfer on conversion

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Palladian Academy Trust

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

1. ACCOUNTING POLICIES - continued

Donated fixed assets

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 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.

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.

All resources expended are inclusive of irrecoverable VAT.

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.

Tangible fixed assets

Assets costing £1,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 lives. Where an asset comprises of two or more components which have substantially different lives each component is depreciated separately over its useful economic life. The expected useful lives are as follows:

Land and buildings

Leasehold land	Straight line over 125 years
Main Fabric	Straight line over 100 years
Roof	Straight line over 70 years
Windows & External Doors	Straight line over 30 years
Gas Boiler / Fires	Straight line over 15 years
Bathrooms	Straight line over 20 years
Kitchens	Straight line over 30 years
Mechanical Systems	Straight line over 30 years
Electrics	Straight line over 40 years

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

Other fixed assets

Fixtures and fittings	Straight line over 5 years
Motor vehicles	Straight line over 7 years
Computer equipment	Straight line over 3 years

Palladian Academy Trust

Notes to the Financial Statements - continued **for the Year Ended 31 August 2020**

1. ACCOUNTING POLICIES - continued

Tangible fixed assets (continued)

Certain leasehold property and land occupied by the academy trust is owned by the Diocese of Bath & Wells and the Diocese of Salisbury. The academy trust has been granted use of a number of school buildings from the dioceses under a selection of Supplemental Agreements.

The school buildings owned by the Diocese of Bath & Wells are occupied, improved, extended and repaired by the academy trustees and the Diocese do not have control over the building until the academy trust ceases its occupation. Therefore the building meets the definition of an asset under FRS 102 'substance over form' concept and the building is included on the balance sheet of the academy trust on this basis. The ownership of the assets remains with the Diocese. The academy trust does not have sufficient control over land and buildings owned by the Diocese of Salisbury and on this basis these land and buildings have not been included on the balance sheet of the academy trust.

Leasehold land and buildings for new member schools joining the Academy Trust are valued internally by the Trustees by benchmarking the schools against publicly available valuations of schools in similar locations.

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.

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.

Provisions

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

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

Concessionary loans

Concessionary loans include those payable to a third party which are interest free or below market interest rates and are made to advance charitable purposes. Where the loan is repayable within one year, the loan is measured at cost, less impairment. Where the loan is repayable in more than one year, the loan is initially measured at the amount received and the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest and adjusted if necessary for any impairment.

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost 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.

Leased Assets

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

Palladian Academy Trust

Notes to the Financial Statements - continued **for the Year Ended 31 August 2020**

1. ACCOUNTING POLICIES - continued

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.

Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees and designated funds represent those unrestricted funds identified by the trustees as relating to specific purposes.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

Further explanation of the nature and purpose of each fund is included in the note 22.

Pension costs and other post-retirement benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, 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 2016 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.

Palladian Academy Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

1. ACCOUNTING POLICIES - continued

Critical accounting estimates and areas of judgement (continued)

Critical areas of judgement and key sources of estimation

The most significant area of adjustment and key assumptions that affect items in the accounts are to do with estimating the value of land and buildings (see note 14 for more information). Likewise, this also represents, with respect to the next reporting period, the most significant area of uncertainty that affects the carrying value of assets held by the academy trust.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	2020 Total funds £	2019 Total funds £
Donations	172,071	-	172,071	93,552
Grants	-	1,148,057	1,148,057	3,624,821
Donated services and facilities	-	23,300	23,300	-
	<u>172,071</u>	<u>1,171,357</u>	<u>1,343,428</u>	<u>3,718,373</u>

Grants received, included in the above, are as follows:

	2020 £	2019 £
Capital Grants	946,776	1,474,821
Local Authority Capital Grants	<u>201,281</u>	<u>2,150,000</u>
	<u>1,148,057</u>	<u>3,624,821</u>

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2020 Total funds £	2019 Total funds £
Catering income	292,728	-	292,728	379,482
Educational visits income	190,180	-	190,180	378,488
Grants	<u>3,663</u>	<u>17,132,581</u>	<u>17,136,244</u>	<u>14,271,279</u>
	<u>486,571</u>	<u>17,132,581</u>	<u>17,619,152</u>	<u>15,029,249</u>

An analysis of grants received is given below:

	Unrestricted funds £	Restricted funds £	2020 Total funds £	2019 Total funds £
DfE/ESFA revenue grant				
General Annual Grant(GAG)	-	13,981,771	13,981,771	12,239,208
Other DfE/ESFA Grants	-	<u>2,014,256</u>	<u>2,014,256</u>	<u>1,354,776</u>
	-	15,996,027	15,996,027	13,593,984
Other government grant				
Local Authority Revenue Grants	-	1,118,334	1,118,334	677,295
Other grants				
Other grants	3,663	-	3,663	-
Exceptional government funding				
Coronavirus Job Retention Scheme	-	<u>18,220</u>	<u>18,220</u>	-
	<u>3,663</u>	<u>17,132,581</u>	<u>17,136,244</u>	<u>14,271,279</u>

Palladian Academy Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS (continued)

The academy trust has been eligible to claim additional funding in the year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

The academy trust furloughed some of its catering staff under the government's CJRS. The funding received of £18,220 relates to staff costs in respect of catering staff which are included within note 10 as appropriate.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds	Restricted funds	2020 Total funds	2019 Total funds
	£	£	£	£
Lettings	78,596	-	78,596	83,022
School Fund	31,968	-	31,968	29,274
Other income	<u>259,104</u>	<u>-</u>	<u>259,104</u>	<u>296,741</u>
	<u>369,668</u>	<u>-</u>	<u>369,668</u>	<u>409,037</u>

5. INVESTMENT INCOME

	Unrestricted funds	Restricted funds	2020 Total funds	2019 Total funds
	£	£	£	£
Short term deposits	<u>2,674</u>	<u>-</u>	<u>2,674</u>	<u>1,921</u>

6. EXPENDITURE

	Non-pay expenditure			2020	2019
	Staff costs	Premises	Other costs	Total	Total
	£	£	£	£	£
Raising funds					
Costs incurred by trading for a fundraising purpose					
Direct costs	94,051	-	225,599	319,650	103,538
Charitable activities					
Academy's educational operations					
Direct costs	11,985,197	598,927	1,084,866	13,668,990	11,969,368
Allocated support costs	<u>2,652,300</u>	<u>1,570,545</u>	<u>1,300,163</u>	<u>5,523,008</u>	<u>4,929,718</u>
	<u>14,731,548</u>	<u>2,169,472</u>	<u>2,610,628</u>	<u>19,511,648</u>	<u>17,002,624</u>

Net income/(expenditure) is stated after charging/(crediting):

	2020	2019
	£	£
Auditors' remuneration	17,200	15,500
Auditors' remuneration for non audit work	13,649	12,422
Depreciation - owned assets	699,202	629,598
Operating leases	<u>54,603</u>	<u>43,966</u>

Palladian Academy Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

7. RAISING FUNDS

Costs incurred by trading for a fundraising purpose

	Unrestricted funds £	Restricted funds £	2020 Total funds £	2019 Total funds £
Staff costs	94,051	-	94,051	9,966
Premises	-	-	-	166
Other costs	<u>225,599</u>	-	<u>225,599</u>	<u>93,406</u>
	<u>319,650</u>	-	<u>319,650</u>	<u>103,538</u>

Costs incurred by trading for a fundraising purpose are those costs associated with income from other trading activities, such as lettings, school fund and other income such as funding received for teacher training. These costs include staff costs, educational activity and equipment costs, catering costs, repair and maintenance costs, external provider costs and various administration costs.

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	2020 Total funds £	2019 Total funds £
Direct costs	158,734	13,510,256	13,668,990	11,969,368
Support costs	<u>266,170</u>	<u>5,256,838</u>	<u>5,523,008</u>	<u>4,929,718</u>
	<u>424,904</u>	<u>18,767,094</u>	<u>19,191,998</u>	<u>16,899,086</u>

	2020 Total £	2019 Total £
Analysis of support costs		
Support staff costs	2,652,300	2,185,873
Depreciation	100,275	86,749
Technology costs	68,106	51,777
Premises costs	1,416,587	1,196,713
Legal costs - new academy	17,709	10,654
Legal costs - other	20,533	24,070
Other support costs	1,062,691	1,256,308
Governance costs	<u>184,807</u>	<u>117,574</u>
Total support costs	<u>5,523,008</u>	<u>4,929,718</u>

9. TRUSTEES' REMUNERATION AND BENEFITS

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

T Withers (Chief Executive Officer and Trustee)
 Remuneration £110,000 - £115,000 (2019: £105,000 - £110,000)
 Employer's pension contributions £15,000 - £20,000 (2019: £15,000 - £20,000)

Palladian Academy Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

9. TRUSTEES' REMUNERATION AND BENEFITS - continued

Trustees' expenses

During the year ended 31 August 2020, travel and subsistence expenses totalling £796 (2019: £174) were reimbursed to Trustees. Related party transactions involving the Trustees are set out in note 25.

10. STAFF COSTS

	2020	2019
	£	£
Wages and salaries	10,489,087	9,169,969
Social security costs	935,717	810,335
Operating costs of defined benefit pension schemes	<u>3,035,001</u>	<u>2,096,243</u>
	14,459,805	12,076,547
Supply teacher costs	267,743	171,276
Staff restructuring costs	<u>4,000</u>	<u>25,115</u>
	<u><u>14,731,548</u></u>	<u><u>12,272,938</u></u>

Staff restructuring costs include redundancy costs totalling £nil (2019: £3,846) and severance payments totalling £4,500 (2019: £21,269).

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £4,500 (2019: £5,317) and this reflected one payment.

Staff numbers and higher paid staff

The average number of persons (including senior management team) employed by the academy trust during the year was as follows:

	2020	2019
Teachers	214	172
Administration and support	281	252
Management	<u>13</u>	<u>12</u>
	<u><u>508</u></u>	<u><u>436</u></u>

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

	2020	2019
£60,001 - £70,000	6	7
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
£100,000 - £110,000	<u>1</u>	<u>1</u>
	<u><u>9</u></u>	<u><u>9</u></u>

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team, i.e. the Executive Team of the Palladian Academy Trust, 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 £1,123,256 (2019: £970,316).

Palladian Academy Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

11. TRUSTEES' AND OFFICERS' INSURANCE

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

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Restricted Fixed Asset Funds £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	93,552	-	3,624,821	3,718,373
Charitable activities				
Funding for the academy's educational operations	757,970	14,271,279	-	15,029,249
Other trading activities	409,037	-	-	409,037
Investment income	1,921	-	-	1,921
Total	1,262,480	14,271,279	3,624,821	19,158,580
EXPENDITURE ON				
Raising funds	103,538	-	-	103,538
Charitable activities				
Academy's educational operations	987,607	14,918,045	993,434	16,899,086
Total	1,091,145	14,918,045	993,434	17,002,624
NET INCOME/(EXPENDITURE)	171,335	(646,766)	2,631,387	2,155,956
Transfers between funds	(20,172)	(282,468)	302,640	-
Other recognised gains/(losses)				
Actuarial gains/(losses) on defined benefit schemes	-	(1,309,000)	-	(1,309,000)
Net movement in funds	151,163	(2,238,234)	2,934,027	846,956
RECONCILIATION OF FUNDS				
Total funds brought forward	1,035,053	(5,386,907)	57,050,947	52,699,093
TOTAL FUNDS CARRIED FORWARD	1,186,216	(7,625,141)	59,984,974	53,546,049

Palladian Academy Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

13. CENTRAL SERVICES

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

- human resources
- financial service
- legal service
- educational support services
- others as arising

The trust charges for these services on a percentage of GAG for each member school. During the year ended 31 August 2020 the charge was 4% (2019: 4%) of GAG.

The actual amounts charged during the year were as follows:

	2020	2019
	£	£
Ralph Allen School	229,212	221,416
Combe Down Primary School	58,440	56,578
Fitzmaurice Primary School	39,534	n/a
Oldfield Park Infant School	26,916	26,407
Oldfield Park Junior School	38,484	37,365
St Martin's Gardens Primary School	46,692	42,854
St Philip's Primary School	41,604	40,265
Widcombe Infant School	26,316	26,186
Widcombe Junior School	33,252	32,685
Winsley Primary School	18,863	n/a
	<u>559,313</u>	<u>483,756</u>

14. TANGIBLE FIXED ASSETS

	Freehold property £	Long leasehold £	Fixtures and fittings £
COST			
At 1 September 2019	26,649,969	33,532,700	660,788
Additions	1,612,311	-	131,044
Reclassification	338,470	-	-
Transfer on conversion	-	8,282,400	-
	<u>28,600,750</u>	<u>41,815,100</u>	<u>791,832</u>
At 31 August 2020	<u>28,600,750</u>	<u>41,815,100</u>	<u>791,832</u>
DEPRECIATION			
At 1 September 2019	1,933,175	765,482	584,964
Charge for year	332,828	276,009	48,148
	<u>2,256,003</u>	<u>1,041,581</u>	<u>633,112</u>
At 31 August 2020	<u>2,256,003</u>	<u>1,041,581</u>	<u>633,112</u>
NET BOOK VALUE			
At 31 August 2020	<u>26,344,747</u>	<u>40,773,519</u>	<u>158,720</u>
At 31 August 2019	<u>24,716,794</u>	<u>32,767,218</u>	<u>75,824</u>

Palladian Academy Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

14. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Computer equipment £	Assets under construction £	Totals £
COST				
At 1 September 2019	13,000	254,349	338,470	61,449,276
Additions	34,461	53,064	-	1,830,880
Reclassification	-	-	(338,470)	-
Transfer on conversion	-	-	-	8,282,400
	<u>47,461</u>	<u>307,413</u>	<u>-</u>	<u>71,562,556</u>
At 31 August 2020				
DEPRECIATION				
At 1 September 2019	12,512	175,341	-	3,471,474
Charge for year	2,606	49,521	-	699,202
	<u>15,118</u>	<u>224,862</u>	<u>-</u>	<u>4,170,676</u>
At 31 August 2020				
NET BOOK VALUE				
At 31 August 2020	<u>32,343</u>	<u>82,551</u>	<u>-</u>	<u>67,391,880</u>
At 31 August 2019	<u>488</u>	<u>79,008</u>	<u>338,470</u>	<u>57,977,802</u>

Included in freehold property and long leasehold property is land of £38,454,500 (2019: £31,199,900).

£9,813,227 (2019: £9,885,897) of the leasehold land and buildings is represented by the land and buildings owned by the Diocese of Bath and Wells. The Diocese of Bath and Wells own the freehold of the majority of land and building of Combe Down Primary School, Widcombe Junior School and St Philip's Primary School. The academy trust occupies this element of the site under a licence. The school buildings are occupied, improved, extended and repaired by the academy trustees and the Diocese do not have control over the building until the academy ceases its occupation. Therefore the building meets the definition of an asset under FRS 102 'substance over form' concept and the building is included on the balance sheet of the academy trust on this basis. The ownership of these assets remains with the Diocese. Land and buildings owned by the Diocese of Salisbury have not been included on the balance sheet of the academy trust as the academy trust does not have control over them.

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	30,301	13,055
Other debtors	396	-
VAT	264,672	477,187
Prepayments and accrued income	<u>633,342</u>	<u>2,358,711</u>
	<u>928,711</u>	<u>2,848,953</u>

Palladian Academy Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Other loans (see note 18)	38,930	31,702
Trade creditors	360,587	831,682
Social security and other taxes	215,052	185,689
Other creditors	301,629	15,872
Accruals and deferred income	<u>727,901</u>	<u>604,095</u>
	<u>1,644,099</u>	<u>1,669,040</u>

Deferred income

	2020	2019
	£	£
Resources deferred at 1 September 2019	275,818	311,719
Amounts released to incoming resources	(275,818)	(311,179)
Resources deferred in the year	<u>230,542</u>	<u>275,818</u>
Deferred income at 31 August 2020	<u>230,542</u>	<u>275,818</u>

At the balance sheet date the Academy Trust was holding funds received in advance in respect of trips organised through the school fund and universal infant free school meal grants.

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Other loans (see note 18)	<u>218,318</u>	<u>257,248</u>

18. LOANS

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year on demand:		
Other loans	<u>38,930</u>	<u>31,702</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>38,930</u>	<u>38,931</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>95,388</u>	<u>106,088</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Other loans - more than 5 years	84,000	112,229

Other loans relate to:

- concessionary loans, which are ESFA approved Salix loans. No interest is payable on these loans.
- a Capital Improvement Fund (CIF) loan for £210,000 received during the prior year towards a capital project on which interest is payable at 1.85%

Palladian Academy Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

19. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2020 £	2019 £
Within one year	47,223	40,472
Between one and five years	7,664	19,079
	<u>54,887</u>	<u>59,551</u>

20. 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.

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Restricted Fixed Asset Funds £	2020 Total funds £
Fixed assets	-	-	67,391,880	67,391,880
Current assets	1,672,886	1,869,109	1,407,756	4,949,751
Current liabilities	(59,058)	(1,320,212)	(264,829)	(1,644,099)
Long term liabilities	-	(218,318)	-	(218,318)
Pension liability	-	(9,292,000)	-	(9,292,000)
	<u>1,613,828</u>	<u>(8,961,421)</u>	<u>68,534,807</u>	<u>61,187,214</u>

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

	Unrestricted funds £	Restricted funds £	Restricted Fixed Asset Funds £	2019 Total funds £
Fixed assets	-	-	57,977,802	57,977,802
Current assets	1,307,109	1,812,142	2,270,284	5,389,535
Current liabilities	(120,893)	(1,285,035)	(263,112)	(1,669,040)
Long term liabilities	-	(257,248)	-	(257,248)
Pension liability	-	(7,895,000)	-	(7,895,000)
	<u>1,186,216</u>	<u>(7,625,141)</u>	<u>59,984,974</u>	<u>53,546,049</u>

Palladian Academy Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

22. MOVEMENT IN FUNDS

	At 1.9.19 £	Net movement in funds £	Transfers between funds £	At 31.8.20 £
Unrestricted funds				
Other unrestricted	904,264	374,059	-	1,278,323
School Fund	<u>281,952</u>	<u>100,192</u>	<u>(46,639)</u>	<u>335,505</u>
	1,186,216	474,251	(46,639)	1,613,828
Restricted funds				
General Annual Grant (GAG)	414,473	46,311	(38,007)	422,777
Capital Maintenance Grants	2,673	15,706	-	18,379
Other DfE/ESFA Grants	138,540	26,163	(4,000)	160,703
Local Authority Grants	5,796	(1,449)	-	4,347
Pension Reserve	(7,895,000)	(1,397,000)	-	(9,292,000)
ESFA loans	(288,950)	-	31,702	(257,248)
Fixed Asset Fund	<u>59,982,301</u>	<u>8,477,183</u>	<u>56,944</u>	<u>68,516,428</u>
	<u>52,359,833</u>	<u>7,166,914</u>	<u>46,639</u>	<u>59,573,386</u>
TOTAL FUNDS	<u><u>53,546,049</u></u>	<u><u>7,641,165</u></u>	<u><u>-</u></u>	<u><u>61,187,214</u></u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Other unrestricted	823,012	(448,953)	-	374,059
School Fund	<u>395,793</u>	<u>(295,601)</u>	<u>-</u>	<u>100,192</u>
	1,218,805	(744,554)	-	474,251
Restricted funds				
General Annual Grant (GAG)	13,981,771	(13,935,460)	-	46,311
Capital Maintenance Grants	74,554	(58,848)	-	15,706
Other DfE/ESFA Grants	2,080,660	(2,054,497)	-	26,163
Local Authority Grants	1,141,634	(1,143,083)	-	(1,449)
Pension Reserve	(504,000)	(684,000)	(209,000)	(1,397,000)
Fixed Asset Fund	<u>9,368,389</u>	<u>(891,206)</u>	<u>-</u>	<u>8,477,183</u>
	<u>26,143,008</u>	<u>(18,767,094)</u>	<u>(209,000)</u>	<u>7,166,914</u>
TOTAL FUNDS	<u><u>27,361,813</u></u>	<u><u>(19,511,648)</u></u>	<u><u>(209,000)</u></u>	<u><u>7,641,165</u></u>

Palladian Academy Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

22. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.9.18 £	Net movement in funds £	Transfers between funds £	At 31.8.19 £
Unrestricted funds				
Other unrestricted School Fund	798,734 236,319	125,702 45,633	(20,172) -	904,264 281,952
	1,035,053	171,335	(20,172)	1,186,216
Restricted funds				
General Annual Grant (GAG)	426,888	9,895	(22,310)	414,473
Capital Maintenance Grants	(2,476)	(30,993)	36,142	2,673
Other DfE/ESFA Grants	274,115	(108,457)	(27,118)	138,540
Local Authority Grants	(2,400)	5,796	2,400	5,796
Pension Reserve	(6,032,000)	(1,863,000)	-	(7,895,000)
ESFA loans	(53,510)	-	(235,440)	(288,950)
Fixed Asset Fund	57,053,423	2,662,380	266,498	59,982,301
	51,664,040	675,621	20,172	52,359,833
TOTAL FUNDS	52,699,093	846,956	-	53,546,049

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Other unrestricted School Fund	772,234 490,246	(646,532) (444,613)	- -	125,702 45,633
	1,262,480	(1,091,145)	-	171,335
Restricted funds				
General Annual Grant (GAG)	12,239,208	(12,229,313)	-	9,895
Capital Maintenance Grants	307,760	(338,753)	-	(30,993)
Other DfE/ESFA Grants	1,354,776	(1,463,233)	-	(108,457)
Local Authority Grants	677,295	(671,499)	-	5,796
Pension Reserve	-	(554,000)	(1,309,000)	(1,863,000)
Fixed Asset Fund	3,317,061	(654,681)	-	2,662,380
	17,896,100	(15,911,479)	(1,309,000)	675,621
TOTAL FUNDS	19,158,580	(17,002,624)	(1,309,000)	846,956

Restricted Funds

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

General Annual Grant (GAG) - Relates to the funding provided to the Academy by the DfE and expenditure incurred by the Academy spent in line with the terms of the Funding Agreement.

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

Capital Maintenance Grants - Relates to funding provided to the academy by the ESFA in relation to specific capital maintenance projects. The small deficit at the prior year end reflected expenditure made in advance of funding being received. This was received post year end during the year ended 31 August 2019.

Other DfE/ESFA grants - Relates to additional government funding received in the period to be used on specific purposes.

Local authority grants - Relates to additional funding received in the period to be used on specific purposes from local authorities and a small loan from BANES inherited on conversion.

Palladian Academy Trust

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

22. MOVEMENT IN FUNDS - continued

Pension reserve - Relates to the academy trust's local government pension scheme liability.

ESFA loans - A restricted fund reflecting the balances due on ESFA Salix loans and CIF loans received by the academy trust. The deficit on this fund will be reduced over time as loan repayments are made in accordance with the loan agreements and repayment schedules.

Fixed Asset Fund - This equates to the net book value of fixed assets held by the academy trust plus any unspent capital grants less any accrued capital expenditure.

Designated funds

School fund - This is a separate fund maintained by the academy trust through which various school trips, extra curricular activities, charitable fundraising and other items and associated costs are managed.

TOTAL FUNDS ANALYSIS BY ACADEMY

Fund balances at 31 August 2020 were allocated as follows:

	Total 2020 £	Total 2019 £
Combe Down Primary School	108,720	36,232
Fitzmaurice Primary School	255,829	n/a
Oldfield Park Infant School	142,582	84,862
Oldfield Park Junior School	121,213	56,409
Ralph Allen School	402,210	464,470
St Martin's Garden Primary School	230,527	174,206
St Philip's Primary School	79,212	30,285
Widcombe Infant School	114,138	98,786
Widcombe Junior School	346,721	275,648
Winsley Primary School	(18,852)	n/a
Central services	<u>162,107</u>	<u>235,177</u>
 Total before fixed asset and pension reserve	 1,944,407	 1,456,075
 Restricted fixed asset fund and capital maintenance fund	 68,534,807	 59,987,974,
Pension reserve	<u>(9,292,000)</u>	<u>(7,895,000)</u>
 Total	 <u><u>61,187,214</u></u>	 <u><u>53,546,049</u></u>

The end of year deficit for Winsley Primary School was an expected deficit and there is a budget plan in place to eliminate the deficit over the next two years.

Total cost analysis by academy

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £
Ralph Allen School	4,554,434	922,687	271,532
Combe Down Primary School	1,262,088	179,347	37,140
Fitzmaurice Primary School	854,106	147,300	46,293
Oldfield Park Infant School	599,299	106,889	8,921
Oldfield Park Junior School	792,992	99,870	21,158
St Martin's Garden Primary School	1,025,416	237,101	34,585
St Philip's Primary School	887,413	115,970	7,292
Widcombe Infant School	567,291	74,877	9,164
Widcombe Junior School	698,007	88,466	21,210
Winsley Primary School	390,176	139,784	3,601
Central Services	<u>183,083</u>	<u>270,860</u>	<u>2,675</u>
 Total	 <u><u>11,814,305</u></u>	 <u><u>2,383,151</u></u>	 <u><u>463,571</u></u>

Palladian Academy Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

**22. MOVEMENT IN FUNDS - continued
Total cost analysis by academy (continued)**

	Other Costs (excluding depreciation and LGPS movement)	Total 2020	Total 2019
	£	£	£
Ralph Allen School	1,181,008	6,929,661	6,354,919
Combe Down Primary School	258,212	1,736,787	1,835,819
Fitzmaurice Primary School	165,256	1,212,955	n/a
Oldfield Park Infant School	170,677	885,786	887,767
Oldfield Park Junior School	250,218	1,164,238	1,208,499
St Martin's Garden Primary School	470,463	1,767,565	1,789,395
St Philip's Primary School	232,383	1,243,058	1,286,131
Widcombe Infant School	216,340	867,672	816,704
Widcombe Junior School	148,549	956,232	957,368
Winsley Primary School	161,407	694,968	n/a
Central Services	212,907	669,525	682,425
Total	3,467,420	18,128,447	15,819,027

Transfers between funds

Transfers of £6,305, £4,000, £46,639 were made during the year to reflect capital expenditure from GAG, other DfE/ESFA grants and School Fund funds respectively.

Transfers of £10,702 and £21,000 from GAG funds to reflect a year's repayment of ESFA Salix loans were also made during the year.

Prior year fund transfers

Transfers of £20,272, £9,208, and £27,118 were made during the prior year to reflect capital expenditure from unrestricted, GAG and other DfE/ESFA grants funds respectively.

Transfers of £36,142 and £210,000 were made between the ESFA loans fund and the Capital Maintenance Grants fund Fixed Asset Fund in the prior year to reflect repair projects and fixed asset additions funded by loans received in the prior year.

Transfers of £10,702 and £2,400 from GAG funds to reflect a year's repayment of ESFA Salix loans and a loan inherited from the local authority on conversion respectively were also made during the prior year.

23. PENSION AND SIMILAR OBLIGATIONS

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Avon Pension Fund for some schools and Wiltshire Pension Fund for others. 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 2016.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Palladian Academy Trust

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

23. PENSION AND SIMILAR OBLIGATIONS - continued

Teachers' pension scheme

Introduction

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

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

Valuation of the teachers' pension scheme

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

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- 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 pension costs paid to TPS in the period amounted to £1,615,834 (2019: £996,716).

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 £1,122,000 (2019: £872,000), of which employer's contributions totalled £889,000 (2019: £704,000) and employees' contributions totalled £233,000 (2019: £168,000). The agreed contribution rates for future years are between 17.8 per cent and 31.7 per cent for employers and between 5.5 per cent and 11.4 per cent for employees.

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

The amounts recognised in the Balance Sheet are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Present value of funded obligations	(17,137,000)	(13,600,000)
Fair value of plan assets	<u>7,845,000</u>	<u>5,705,000</u>
	(9,292,000)	(7,895,000)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	<u>(9,292,000)</u>	<u>(7,895,000)</u>
Net liability	<u>(9,292,000)</u>	<u>(7,895,000)</u>

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**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

23. PENSION AND SIMILAR OBLIGATIONS - continued

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

	Defined benefit pension plans	
	2020	2019
	£	£
Current service cost	1,340,000	893,000
Net interest from net defined benefit asset/liability	150,000	160,000
Past service cost	60,000	191,000
Administration expenses	23,000	14,000
	<u>1,573,000</u>	<u>1,258,000</u>
Actual return on plan assets	<u>414,000</u>	<u>294,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Opening defined benefit obligation	13,600,000	10,658,000
Current service cost	1,340,000	893,000
Past service cost	60,000	191,000
Contributions by scheme participants	233,000	168,000
Interest cost	280,000	301,000
Benefits paid	(83,000)	(74,000)
Business combinations	1,213,000	-
Actuarial (gains)/losses from changes in financial assumptions	494,000	1,463,000
	<u>17,137,000</u>	<u>13,600,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Opening fair value of scheme assets	5,705,000	4,626,000
Contributions by employer	889,000	704,000
Contributions by scheme participants	233,000	168,000
Interest on plan assets	130,000	141,000
Benefits paid	(83,000)	(74,000)
Business combinations	709,000	-
Administration expenses	(23,000)	(14,000)
Remeasurements (assets)	285,000	154,000
	<u>7,845,000</u>	<u>5,705,000</u>

Palladian Academy Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

23. PENSION AND SIMILAR OBLIGATIONS - continued

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	2020	2019
	£	£
Actuarial (gains)/losses from changes in financial assumptions	(494,000)	(1,463,000)
Remeasurements (assets)	<u>285,000</u>	<u>154,000</u>
	<u>(209,000)</u>	<u>(1,309,000)</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2020	2019
Equities	44.99%	41.80%
Government bonds	8.90%	11.20%
Corporate bonds	3.75%	11.00%
Property	9.10%	9.20%
Cash	2.74%	2.00%
Alternatives	<u>30.52%</u>	<u>24.80%</u>
	<u>100.00%</u>	<u>100.00%</u>

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

	2020	2019
Discount rate	1.70%	1.90%
Future salary increases	3.20%	3.70%
Future pension increases	2.20%	2.20%
CPI inflation	2.20%	2.20%

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

	At 31 August 2020	At 31 August 2019
Current pensioners		
Males	22.4 years	22.4 years
Females	24.5 years	24.5 years
Future pensioners		
Males	23.3 years	23.2 years
Females	25.9 years	25.9 years

The sensitivity regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumption at 31 August 2020	Approximate monetary amount (£000)
0.1% increase in Discount Rate	(406)
0.1% decrease in Discount Rate	418
0.1% increase in CPI rate	362
0.1% decrease in CPI rate	(354)
1 year increase in Life expectancy	528
1 year decrease in Life expectancy	(470)

Palladian Academy Trust

Notes to the Financial Statements - continued
for the Year Ended 31 August 2020

24. CAPITAL COMMITMENTS

	2020	2019
	£	£
Contracted but not provided for in the financial statements	<u> -</u>	<u>1,908,352</u>

25. RELATED PARTY DISCLOSURES

Owing to the nature of the academy trust and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the governors 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.

Ruth Balch – During the year, the academy trust engaged one of the trustee, Ruth Balch, to provide a governor training session at an academy trust governance event at a cost of £350. There were no amounts outstanding due to this trustee as at 31 August 2020. In entering into this arms length transaction, the academy trust has complied with the requirements of the Academies Financial Handbook, including notifying the ESFA of this transaction in advance.

No related party transactions took place during the prior year.

26. CONVERSION TO AN ACADEMY

On 1 October 2019 Fitzmaurice Primary School and on 1 December 2019 Winsley Primary School both converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Palladian Academy Trust from Wiltshire Unitary Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain / loss in the Statement of Financial Activities as donations- transfer from local authority on conversion.

In total the transfer on conversion figure is a £8,026,891 donation. The following tables set out the fair value of identifiable assets and liabilities transferred for each school and an analysis of their recognition in the SOFA.

Fitzmaurice Primary School

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£	£	£	£
Tangible fixed assets				
Leasehold land and buildings	-	-	6,501,900	6,501,900
Current assets				
Cash representing budget surplus / (deficit) on LA funds	156,197	-	-	156,197
Cash representing budget surplus / (deficit) on other funds	28,311	48,184	3,724	80,219
Non-current liabilities				
LGPS pension surplus / (deficit)	<u> -</u>	<u>(322,000)</u>	<u> -</u>	<u>(322,000)</u>
Net assets / (liabilities)	<u>184,508</u>	<u>(273,816)</u>	<u>6,505,624</u>	<u>6,416,316</u>

Palladian Academy Trust

**Notes to the Financial Statements - continued
for the Year Ended 31 August 2020**

26. CONVERSION TO AN ACADEMY - continued

Winsley Primary School

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total
	£	£	£	£
Tangible fixed assets				
Leasehold land and buildings	-	-	1,780,500	1,780,500
Current assets				
Cash representing budget surplus / (deficit) on LA funds	3,314	-	-	3,314
Cash representing budget surplus / (deficit) on other funds	-	-	8,761	8,761
Non-current liabilities				
LGPS pension surplus / (deficit)	-	(182,000)	-	(182,000)
Net assets / (liabilities)	<u>3,314</u>	<u>(182,000)</u>	<u>1,789,261</u>	<u>1,160,575</u>

27. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net income for the reporting period (as per the Statement of Financial Activities)	7,850,165	2,155,956
Adjustments for:		
Depreciation charges	699,202	629,598
Capital grants from DfE/ESFA and LA	(1,148,057)	(3,932,581)
Transfer from Local Authority on conversion	(8,026,891)	-
Interest received	(2,674)	(1,921)
Interest paid	2,196	16
DB pension scheme cost less contribution	511,000	380,000
DB pension scheme cost finance cost	173,000	174,000
Decrease/(increase) in debtors	1,920,242	(2,219,029)
(Decrease)/increase in creditors	<u>(32,169)</u>	<u>281,143</u>
Net cash provided by/(used in) operations	<u>1,946,014</u>	<u>(2,532,818)</u>

28.. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.9.19 £	Cash flow £	At 31.8.20 £
Net cash			
Cash at bank and in hand	<u>2,540,582</u>	<u>1,480,458</u>	<u>4,021,040</u>
	<u>2,540,582</u>	<u>1,480,458</u>	<u>4,021,040</u>
Debt			
Debts falling due within 1 year	(31,702)	(7,228)	(38,930)
Debts falling due after 1 year	<u>(257,248)</u>	<u>38,930</u>	<u>(218,318)</u>
	<u>(288,950)</u>	<u>31,702</u>	<u>(257,248)</u>
Total	<u>2,251,632</u>	<u>1,512,160</u>	<u>3,763,792</u>