

REGISTERED COMPANY NUMBER: 10760163 (England and Wales)

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2020

McCabe Ford Williams
Statutory Auditors &
Chartered Accountants
Bank Chambers
1 Central Avenue
SITTINGBOURNE
Kent
ME10 4AE

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

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FOR THE YEAR ENDED 31 AUGUST 2020

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THE ARETÉ TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2020

Members	Mrs J Brooke Mrs C Williams Mr M Roberts	Chair of Trustees
Trustees	Mrs J Brooke Mr R C Chapman Mr D W Smith Mrs S J Pritchard (Headteacher)	Chair of Trustees Chief Executive Officer, Accounting Officer
Senior Leadership Team	Headteacher Deputy Headteacher Deputy Headteacher Assistant Headteacher Assistant Headteacher Assistant Headteacher Business Manager	Mrs Sharon Pritchard Mr Simon Hardwick Miss Fiona Kellett Mrs Kaye Cooper (Appointed 01/09/2019) Mrs Rebekah Kidd Mrs Anne Mason Mr Paul Drake
Local Governing Body	Mrs J Brooke Mrs S J Pritchard Mr R C Chapman Mrs S Ward Mr B Sizer Prof. M Petrildis Mrs R Horsley Mrs A Mason Mr I Russell Miss H Smith Mr W Islam Ms A Gill	Chair of Trustees Headteacher (Appointed 26/09/2019) (Deceased April 2020) (Resigned 08/10/2019) (Appointed 01/03/2020) (Appointed 01/03/2020)
Company Name	The Areté Trust	
Principal and Registered Office	The Areté Trust Dartford Grammar School for Girls Shepherds Lane Kent DA1 2NT	
Registered Company number	10760163 (England and Wales)	
Independent Auditor	Ashley Phillips FCCA (Senior Statutory Auditor) McCabe Ford Williams Statutory Auditors and Chartered Accountants Bank Chambers 1 Central Avenue Slittingbourne Kent ME10 4AE	
Bankers	Barclays Bank, 24 Lowfield Street, Dartford, Kent, DA1 1HD	

THE ARETÉ TRUST
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year from 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.

The academy trust operates one secondary academy in Dartford, Kent. The academy had a roll of 1,198 students at the end of the 2019-2020 academic year.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust was incorporated on 9 May 2017, as 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 The Areté Trust are also the directors of the charitable company for the purpose of company law. The charitable company operates as Dartford Grammar School for Girls.

The Members of the charitable company comprise:

- Mrs Janice Brooke
- Mr Matthew Roberts
- Mrs Carol Williams

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

Subject to the provisions of the Companies Act 2006, the charitable company intends to maintain Trustees' and officers' liability insurance which gives appropriate cover for any liability incurred or legal action brought against them in connection with their acting in their capacity as Trustees of the charitable company.

Method of recruitment and appointment or election of new Trustees

The academy trust's Articles of Association require that the members appoint at least three Trustees (unless otherwise determined by ordinary resolution) but shall not be subject to any maximum.

The original members appointed five Trustees and further Trustees can be appointed as follows:-

- The Trustees may appoint new Trustees
- The Chief Executive Officer for as long as he / she remains in office
- The Trustees may appoint co-opted trustees

THE ARETÉ TRUST
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Method of recruitment and appointment or election of new Trustees - continued

A Trustee's term of office is four years, but the Trustee is eligible for re-election at the meeting at which they retire.

Under the Articles of Association, the Trustees are responsible for the appointment of the Local Governing Bodies for each academy within the trust. A scheme of delegation for each Local Governing Body is in place and this is regularly reviewed and the Trustees may alter or revoke this. Governors of the Local Governing Bodies do not have to be Trustees of the academy trust.

All Trustees and Governors are encouraged to attend appropriate training in order for them to carry out their duties effectively.

Policies and procedures adopted for the induction and training of Trustees

The Trustees held 4 full board meetings during this period. No meetings were held from March to the end of the academic year as a result of the school being closed due to COVID-19. The CEO and Chair remained in contact during this period by email and telephone, the Chair kept Trustees updated by email.

Local Governing Bodies (LGBs) will set their own schedule of committee meetings.

The training and induction provided for new Trustees / Governors will depend on their existing experience. All new Governors will be given a tour of the academy and the chance to meet with staff and students. All relevant Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two or three new Governors per period, induction tends to be done informally and is tailored specifically to the individual.

Organisational structure

As a multi-academy trust, but currently with one member academy, the Trustees are at the head of the organisational structure. They are responsible for making major decisions about the direction of the trust. They are responsible for the appointment of a Local Governing Body for each academy.

The Governors of the Local Governing Body are delegated the responsibility for:

- Agreeing an annual school development plan (SDP)
- Awareness of revenue and capital expenditure (within certain limits)
- Monitoring progress against the SDP
- Continuing Professional Development
- Behaviour
- Staff appointments up to and including Deputy Head, or equivalent
- Raising Standards
- Quality of Teaching and Learning

The Chief Executive Officer is the Accounting Officer for the academy trust.

The current academy has a Senior Leadership Team which includes the Headteacher, 2 Deputy Headteachers, 3 Assistant Headteachers, and the Business Manager. The SLT controls the academy at an executive level implementing the policies laid down by the Trustees and reporting back to them.

Arrangements for setting pay and remuneration of key management personnel

The setting of the pay and remuneration of the academy's key management personnel, is via the pay committee, and is guided by the Trust Pay and Reward Policy. This policy provides guidance for all staff from support through to Chief Executive Officer. Additional support and direction is also sought, where relevant from external advisors, in supporting any such recommendations and final decisions.

THE ARETÉ TRUST
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REPORT OF THE TRUSTEES
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STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£0
Provide the total pay bill	£4,785,903
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0%

Paid trade union activities

Time spent on trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	0%
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Related Parties and other Connected Charities and Organisations

The academy trust has no related parties or connected charities/organisations.

OBJECTIVES AND ACTIVITIES

Objects and aims

The objects of the academy trust as set out in the governing document are:

- To advance for the public benefit, education; in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum.
- To promote for the benefit of the inhabitants of the areas in which the academies are situated the provision of facilities for recreation or other leisure time

The first school to become a member of the academy trust was Dartford Grammar School for Girls on 1 June 2017.

Dartford Grammar School for Girls is an 11-18 selective academy. On 31 August 2020 the school had 1,198 students (including the Sixth Form) on its roll.

The school offers a fully inclusive, wide ranging and holistic education for all students.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2020

OBJECTIVES AND ACTIVITIES - continued

Objectives, strategies and activities

The main objectives of the academy trust during the year ended 31 August 2020 are summarised below:

- to ensure that every student enjoys the same high quality education in terms of teaching and learning, resourcing and care;
- to continue to raise the standard of educational achievement of all students; to continue to improve the effectiveness of the academies by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with the local community; and
- to conduct the academy trust's business in accordance with the highest standards of integrity, probity and openness.

The academy trust's main strategy is to raise standards of achievement and progress through continuous improvement and engagement in all aspects of the organisation. The core purpose is teaching and learning. Performance is measured against the overall quality of teaching and learning and how these are translated into students' achievement and progress.

The key activities that support this strategy are:

- A solid organisational structure that supports both students and staff and also informs all stakeholders of clear lines of accountability and responsibility.
- A robust performance management system coupled with CPD and training opportunities for staff and Governors.
- Use of data and tracking procedures to measure progress and inform actions and interventions.
- Robust quality assurance processing including financial controls, which are transparent, that supports the key strategies.

The academy trust's mission is encapsulated in its vision statement: Excellence and Virtue.

The academy trust seeks to promote outstanding educational experiences that will inspire and challenge all learners to achieve the best of their abilities and prepare them to live and work as active and participating citizens.

In achieving this, the academy trust is committed to provide opportunities to maximise life chances for all children and young people, regardless of their background, which promotes:

- The highest standards of achievement
- Traditional values and high expectations
- Leading edge practices in curriculum, teaching and learning
- A challenging, enjoyable and tailored learning journey for all
- Outstanding provision and outcomes in all the areas of extra-curricular activities
- An emphasis on participation, inclusion, enterprise, personal development, spirituality and well-being
- Partnership with parents/carers and the wider community

The Priorities for the academy trust are:

- Standards and Achievements; standards to continue to rise with a particular focus on the proportion of students achieving the highest grades.
- Teaching and Learning; assessment for learning will be embedded in all classrooms across the schools with a particular focus on challenging the most able. To continue to learn from each other and from the best practice locally, nationally and internationally.
- Curriculum and Assessment: to promote an exciting, challenging and varied curriculum. To continue to celebrate extra-curricular / curriculum enrichment by encouraging learning beyond the classroom.
- Well-being; to provide a learning environment that is safe that promotes respect, tolerance and responsibility and that prepares students for the world of further study and work.

THE ARETÉ TRUST
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2020

OBJECTIVES AND ACTIVITIES - continued

Objectives, strategies and activities - continued

- Recruitment and Retention: to be committed to building an effective, highly skilled and well supported workforce by recruiting the best staff we possibly can, growing capacity from within and sharing best practice within and between partner schools.
- Partnerships: through working in partnership to both respond to and anticipate community needs.
- Leadership and Governance: through the further development of "distributed" leadership, supported by flexible and rigorous monitoring and evaluation to:-
 - o Continue to improve standards
 - o Ensure that leadership at all levels is focussed on further raising of standards
 - o Ensure sound financial management in a climate of falling school budgets
 - o Ensure accommodation is fit for 21st Century teaching and learning
- Use infinite resource responsibly and "recycle, re-use and reduce" wherever we can

Public benefit

The Trustees confirm that they have complied with the duties in Section 17(s) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

We have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

Social investments

The Trustees recognise that equal opportunities are an integral part of good practice within the workplace. The academy trust aims to establish equality of opportunity in all areas of its activities including the creation of a working environment in which the contribution and needs of all people are fully valued.

Disabled persons

Ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all ground floor areas to the academy trust buildings. Where appropriate, lifts have been installed to facilitate wheelchair and disabled access to the upper levels of the buildings. The policy of the academy trust is to support recruitment and retention of students and employees with disabilities. The academy trust does this by adapting the physical environment where possible by making support resources available and through training and career development.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2020

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The academy trust has implemented innovative and aspirational strategies to build on the school's Outstanding Ofsted inspection in June 2016.

2019-2020 was the third year of the academy trust's 5 year Development Plan, which has the overarching aim, "To work together to provide excellent opportunities and maximise life chances for all children and young people, regardless of their background". The trust continued to develop and embed leadership and management structures, systems and policies to support the continued development and growth of the academy trust. The Dartford Grammar School for Girls' ambitious Development Plan had very clear objectives and aims, with 5 priority areas: leadership & management, teaching & learning, behaviour and welfare, student outcomes and the Sixth Form.

The 2020 GCSE results were outstanding once again. In a very challenging year with results being awarded through the centre-assessed grades process, the academy trust was delighted with the outcomes.

- % Grade 9 - 22%
- % Grade 8-9, or A* - 48%
- % Grade 7-9, or A*/A - 73%

The DfE Performance Tables will not be published for the 2019-2020 results. However, the academy trust would anticipate that progress would have been deemed to be outstanding, with results in line with the previous year and Progress 8 in 2019-2020 placing the academy in the top 30 of secondary schools in England.

At A Level, the results were also excellent, with 41% of grades at A*/A, 73% at A*-B and 90% A*-C. The DfE 16-18 Performance tables will not be published for the A Level results in 2019-2020 however the academy believes that the data would have been very positive.

The academy was particularly delighted that the highest ever number of students secured places to study medicine, dentistry or veterinary science with strong numbers progressing to the Russell Group universities. The retention rates continue to be outstanding in the Sixth Form.

The academy continues to be very heavily oversubscribed with an extremely high number of applications for September 2020 (1,245 applications for 180 places in Year 7). The admissions policy which prioritises Pupil Premium students has supported an increase in Pupil Premium students joining the school; on average 22% of students in Year 7 in 2019-2020 were in receipt of Pupil Premium.

In the Sixth Form, numbers continue to be very strong, with the most students in the academy's history on roll, including 327 in the Sixth Form. Following the permanent increase to the academy's PAN, the academy successfully applied to the Local Authority for additional classroom space. The Local Authority agreed to fund a new 2 classroom building; the project was completed in January 2020.

Despite the significant challenges presented by Covid-19 and the school being (partially) closed after 20th March 2020, the academy continued to provide high quality teaching and learning opportunities through Google Classroom. Students were closely monitored and supported by our dedicated pastoral team, including our Pupil Premium Lead and our senior Designated Safeguarding Lead.

In 2018-2019 the academy was also very pleased to secure £346,000 from the Government's Condition Improvement Fund for a new College Block roof and a new roof for the Arts/Mathematics corridor in the main building. The works were successfully completed in October 2019 and make a very significant difference to the learning and working environment for students and staff. In 2019-2020 the academy successfully applied to the Government's Condition Improvement Fund to replace the old windows and doors across the school. We were very pleased to be granted £325,000. The works will be completed by the end of the summer 2020.

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2020

ACHIEVEMENTS AND PERFORMANCE - continued

Key financial performance indicators

The Trustees are of the opinion that given the nature of the financial management of the business there are only a few key performance indicators which require specific monitoring. The significant indicators are:

- Student numbers - which provides the basis for funding from the ESFA
- Spend on staff costs across each academy as a percentage of funding from the ESFA
- Adequate financial provision and reserves being established to meet known expenditure increase in forthcoming years

The Local Governing Body recommend to the Board the annual budget for each academy and the aim is that total expenditure is to closely match income plus any brought forward surplus. This is monitored regularly for actual expenditure against budget.

Staff costs as a percentage of total income excluding capital income:	31.08.20	31.08.19
Teaching staff & educational support staff	70.8%	72.3%
Other support staff	10.6%	7.5%
Total staffing	81.4%	79.8%
Staff costs as a percentage of GAG income:	31.08.20	31.08.19
Teaching staff & educational support staff	80.0%	78.9%
Other support staff	11.9%	8.2%
Total staffing	91.9%	87.1%

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.

FINANCIAL REVIEW

The academy's accounting period covers the year to 31 August 2020.

Most of the academy trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2020 and the associated expenditure is shown as restricted funds in the Statement of Financial Activities.

In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2019), capital grants 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 expected useful life of assets concerned.

During the year ended 31 August 2020 total expenditure of £6,168,620 (2019: £5,949,142) was funded by recurrent grant funding from the ESFA together with other incoming resources. The excess of income over expenditure for the year, including other comprehensive income, (excluding restricted fixed asset funds and the pension reserve) was £309,373 (2019: £299,861). The assets were used exclusively for providing education and the associated support services to the pupils of the academy trust. In the year to 31 August 2020 the academy trust received Devolved Capital Funding of £25,364 (2019: £86,228).

THE ARETÉ TRUST
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2020

FINANCIAL REVIEW - continued

Reserves policy

The Trustees review the reserve levels of the academy trust and respective academies annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

The Trust has determined that the appropriate level of free reserves for the academy should be at least £100,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants; to provide a cushion to deal with unexpected emergencies such as urgent maintenance, or to provide a bolster for the catch up of lagged ESFA funding. Should the academy trust or an individual academy suffer an in year trading deficit, and reserves be used to support, the Trust Board will be made aware of this at the budget setting, provided with updates on the impact throughout the academic year, and be given satisfactory financial plans to show how this will be rectified in following years.

The reserves held by the academy trust at 31 August 2020 (excluding fixed asset funds and the pension reserve) were £807,096 (2019: £497,723). The excess funds held will be utilised to offset future anticipated deficit budgets.

The academy trust held fund balances at 31 August 2020 of £13,307,576 (2019: £12,977,763) comprising £12,889,943 (2019: £12,652,146) of restricted funds and £417,633 (2019: £325,617) of unrestricted general funds, the unrestricted funds being the academy trust's free reserves. The restricted funds include a pension reserve deficit of £1,692,000 (2019: £1,541,000). It should be noted however that this deficit will not crystallise within the foreseeable future and that the academy trust follows the advice of the pension scheme actuary and makes contributions in accordance with the rates advised. The advised level of contributions has been taken into account when preparing the academy trust's budgets for the year ended 31 August 2021. Of the total restricted funds £14,192,480 (2019: £14,021,040) relates to the restricted fixed asset funds, which can only be realised by disposing of tangible fixed assets.

With regards to reserves for the purpose of designation, a qualifying statement will be made within the annual audited accounts, detailing the reasons for the set aside, where the funds currently sit and the timing of that expenditure.

The academy trust's current level of free reserves (unrestricted funds) is £417,633 (2019: £325,617) and the Trustees' strategy to maintain free reserves of £100,000 has been achieved.

Investment policy

The Trustees' investment powers are governed by the memorandum and articles of association, which permit the academy trust's funds, not immediately required for the furtherance of its objects, to be invested in or upon such investments, securities or property, as may be thought fit, subject to such conditions and consents as may for the time being be imposed or required by law. The academy trust and the academy within the trust, have not engaged in any investment of surplus funds during the year under review.

Principal risks and uncertainties

The Trustees consider that in the present economic climate the principal risks facing the academy trust that would have financial implications are:

- Funding for education is under pressure, especially for 6th form provision. Whilst there are 3 year financial plans in place, the funding arrangements are that where an academy is seeing growth this places pressure on the in-year balances; should any unforeseen circumstance occur this may have a significant impact on the 3 year plans.
- With an academy's income largely based on student numbers, a fall in the roll would have significant financial implications.
- The control of staff costs, matched to teaching requirements; the difficulties in recruitment; yet being mindful of the need to continue to drive up performance, standards and results.
- Any sudden changes to the liability with regard to the LGPS.

Other risks and uncertainties which could face the academy trust are in relation to the reputation of the trust or an academy within the trust. This could arise from an Ofsted or other governmental report, or an event outside of the control of the Trustees. The Trustees have considered the principal risks and uncertainties facing the academy trust and have as far as appropriate taken steps to minimise these risks.

THE ARETÉ TRUST
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2020

FINANCIAL REVIEW - continued

Financial and risk management objectives and policies

The Trustees monitor the financial position of each academy individually in terms of its ongoing surplus and future expected income and expenditure, taking into account that educational funding is likely to reduce. The Trustees will review the position constantly to ensure that each individual academy within the trust has sufficient income to operate on an efficient basis without affecting the quality of teaching and learning.

The main financial instrument used by the academy trust, within each academy school, is the extended trial balance, monitored monthly along with trend analysis. The cash is held within bank accounts, generally current and short term cash deposit accounts. The objective is that each academy manages its cash resources so that its operating requirements are met without the need for short term borrowing.

FUNDRAISING

Individual academies permit their own Parent – Teacher Association to run local fundraising events during the year. Any funds raised are controlled and reconciled by the respective FPTA. Minor donations are made to the academy to assist with the provision of some extra-curricular activities.

The trust's approach to fundraising is widely recognised throughout the schools and local community and no complaints have been received.

The academy trust did not work with any commercial participators/professional fundraisers during the year and no complaints have been received. In its fundraising activities the trust has due regard to the Charity Commission guidance 'Charity Fundraising; a guide to trustee duties (CC20)' and meets the requirements of the 'Fundraising Code of Practice' set by the Fundraising Regulator.

PLANS FOR FUTURE PERIODS

As previously set out, the Trustees will continue to monitor and revise the Trust Plan to strengthen The Areté Trust.

The Trustees will continue, in accordance with the Trust's vision statements "Excellence and Virtue" to seek improvement in the levels of performance of its students to allow them to perform to the best of their abilities and to prepare them to live and work as active citizens.

The Trustees will continue to look to develop the Trust by considering schools that wish to join The Areté Trust or by offering assistance in other ways, if appropriate.

FUNDS HELD AS CUSTODIAN TRUSTEES ON BEHALF OF OTHERS

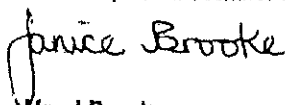
The Trustees hold no funds as custodian trustee.

AUDITOR

In so far as the Trustees are aware:

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

Report of the Trustees, incorporating a Strategic Report, was approved by order of the Board of Trustees as the company directors, on 9 December 2020 and signed on its behalf by:



Mrs J Brooke
Chair of Trustees

THE ARETÉ TRUST
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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that The Areté 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 the DfE's Governance Handbook and competency framework for governance.

The Board of the Trustees has delegated the day-to-day responsibility to the CEO, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Areté 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 Areté Trust has a Board of Trustees which is responsible for the strategic direction of the Trust. Each academy has its own Local Governing Body (LGB) which reports to the Board.

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 four times during the year. Meetings scheduled for the period March to July were cancelled due to closure of the schools as a result of COVID-19. Communication continued via email and telephone. Attendance at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mrs J Brooke (Chair)	4	4
Mrs S J Pritchard (CEO and Accounting Officer)	4	4
Mr R C Chapman	4	4
Mr D W Smith	4	4

As part of the strategic capacity of the Trust Board, Trustees are looking to recruit new Trustees with an appropriate skill set.

During the reporting period the Board has retained the services of experienced professionals. The effectiveness of the Board is reviewed annually by the Chair and members at the Annual General Meeting.

The Trust Board receive regular updates on performance, financials and compliance. The Business Manager presents a comprehensive financial report at each Trust Board meeting.

The next self-evaluation of governance is due to take place in February 2021.

Governance Review

The Local Governing Body have undertaken a review of Governors' visits to the academy which included discussing past visits and how to further formalise the information gathered. A visit policy and pro-forma for recording visits is in place. The process is regularly reviewed at Governors' meetings.

The Governors have also had the opportunity to provide input into the updating of the School Development Plan; this is used throughout the year as an information tool for Governors to evaluate the academy's progress.

THE ARETÉ TRUST
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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020

Governance Review – continued

The information given below is for the year.

Dartford Grammar School for Girls Local Governing Body	Meetings attended	Out of a possible
Mrs J Brooke	3	3
Mrs S Pritchard	3	3
Mrs A Mason	3	3
Mrs S Ward	2	3
Mr B Sizer	3	3
Prof. M Petridis (deceased April 2020)	1	3
Mr R Chapman	3	3
Mrs R Horsley	0	3
Mr I Russell	1	3
Miss H Smith	0	1

The **Audit and Finance Committee** is a sub-committee of the main board of Trustees. We do not have a separate Audit Committee and the audit functions are embedded in the Audit and Finance Committee. Its purpose is:

1. In consultation with the Head Teacher, to draft the first formal budget plan of the financial year
2. To establish and maintain an up-to-date 3-year financial plan
3. To consider a budget position statement at least termly and to report significant anomalies from the anticipated position to the Board of Trustees
4. To ensure that the academy trust operates within the Financial Regulations
5. To annually review all finance related policies
6. To make decisions on expenditure following recommendations from other committees
7. To ensure that sufficient funds are available for pay increments as recommended by the Head Teacher and the Head Teacher's Performance Management Team.
8. To monitor expenditure of any voluntary funds kept on behalf of the Board of Trustees

Attendance at meetings during the year was as follows:

Trustees on the Audit and Finance Committee	Meetings attended	Out of a possible
Mrs J Brooke	4	4
Mrs S J Pritchard	4	4
Mr R C Chapman	4	4
Mr D W Smith	4	4

Review of Value for Money

As accounting officer, the CEO 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. The accounting officer for the academy trust has delivered improved value for money during the year by:

- regularly reviewing the functions of the trust and academy, challenging how and why services are provided and setting targets and performance indicators for improvement.
- monitoring outcomes and comparing performance with similar trusts and academies and within.
- consulting appropriate stakeholders before major decisions are made.
- promoting fair competition through quotations and tenders to ensure that goods and services are secured in the most economic, efficient and effective way.

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020

Review of Value for Money - continued

We seek to ensure that the academy trust is using its resources effectively to meet the needs of students. Collectively during the year, the trust seeks to achieve Best Value by focusing on the following activities:

The planning, delivery and monitoring of the curriculum by further personalising learning, for example by:

- Evaluating changes to the KS4 and KS3 curriculum to ensure outstanding provision and value for money
- Implementing and evaluating the impact of revised specifications for post 16 qualifications
- Meeting, but with a focus on exceeding challenging student progress targets across the school
- Robust self-evaluation, reported in the Self Evaluation Form (SEF), with a particular focus on the quality of teaching and learning and on student progress

Staffing by:

- Continuing to implement as far as possible the workforce remodelling initiatives
- Reviewing TLR and other payments to ensure they are fit for purpose
- Reviewing appraisal arrangements to ensure that targets are rigorous
- Reducing bureaucracy where possible

The school environment by:

- Maintaining an annual refurbishment programme
- Ensuring building programmes progress efficiently and with no detrimental impact on learning

Resources by:

- Allocating resources as identified in the Finance Plan addressing the priorities identified in the School Development Plan
- Obtaining competitive quotations for goods and services

School leadership and management by:

- Putting in place an induction programme for all new teaching staff
- Encouraging applications for appropriate leadership courses from suitable staff
- Further developing trust and academy-based continuing professional development
- Using trust status to provide professional development opportunities for leaders

Financial management by:

- Maintaining a careful oversight on expenditure
- Maximising income from lettings

The care, guidance and support of students by:

- Ensuring that all children are valued as individuals and that safeguarding procedures are fully in place
- Tracking progress and target setting using the academy's and national data

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 The Areté Trust for the year ended 31 August 2020 and up to the date of approval of the annual report and financial statements.

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020

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 year ended 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 Audit and Finance 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 has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the trustees have appointed McCabe Ford Williams as the external auditor to perform additional checks. The Board of Trustees has decided to buy in internal audit services from Baxter & Co with effect from 1 September 2020.

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

- Testing of payroll systems;
- Testing of purchasing/payment systems;
- Checking the tendering process in accordance with internal regulations;
- Review income receipts;
- Review bank reconciliations and control account reconciliations;
- Review procedures used to prepare reports to trustees and other financial returns;
- Check procedures for staff expense claims and petty cash claims;
- Review information reported to Trustees.

On a timely basis, the auditor reports to the Board of Trustees, through the Finance and Audit Committee, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. The function has been fully delivered in line with the ESFA's requirements and no material control issues have been identified.

Review of Effectiveness

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

- the work of the finance team
- the results of the external auditor's additional checks;
- the work of the external auditor; and
- the work of the senior managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2020

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

Approved by order of the members of the Board of Trustees on 9 December 2020 and signed on its behalf by:

Janice Brooke

Mrs Janice Brooke
Chair of Trustees

S. Pritchard

Mrs Sharon Pritchard
Accounting Officer

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2020

As Accounting Officer of The Areté 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 ESFA 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.

S. Pritchard

Mrs Sharon Pritchard
Accounting Officer
Dated: 9 December 2020

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 Education and Skills Funding Agency and Department for Education have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 9 December 2020 and signed on its behalf by:

Janice Brooke

Mrs Janice Brooke
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS
TO THE MEMBERS OF THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

Opinion

We have audited the financial statements of The Areté Trust (the 'academy trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and 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 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 Issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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 Trustees' annual report, other than the financial statements and our auditor's report thereon. Other information includes the report of the trustees (incorporating the strategic report and the directors' report), the governance statement, and the Accounting Officer's statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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 (incorporating the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS
TO THE MEMBERS OF THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

Matters on which we are required to report by exception

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

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.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement set out on page 17, the Trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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 auditor's report.

Use of our report

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

AP

Ashley Phillips FCCA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

Date: 9 December 2020

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

In accordance with the terms of our engagement letter dated 2 October 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Areté Trust during the year ended 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective Responsibilities of The Areté Trust's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirements of The Areté Trust's funding agreement with the Secretary of State for Education, dated December 2014 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purpose intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year ended 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.

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

Approach - continued

The work undertaken to draw our conclusion includes:

- Review of the internal control environment which is designed to ensure compliance with regulations;
- Review of the accounting officer's consideration of issues surrounding regularity, propriety and compliance;
- Review of the work and reports of the external auditor performing additional systems checks during the period;
- Review of governance arrangements and procedures and related compliance with the requirements of the Academies Financial Handbook, including the distribution of management accounts and quantity of meetings;
- Analytical procedures regarding declaration of potential conflicts of interest by key staff and the governing body;
- Review of fixed asset transactions against the requirements of the funding agreement between The Areté Trust and the Secretary of State and the Academies Financial Handbook;
- Testing of grants and other income for application in accordance with the terms and requirements attached;
- Review of the academy trust's activities to check they are in line with the Academies Framework and the academy trust's charitable objectives;
- Review of bank statements and financial transactions for indications of any items which may be improper;
- Review of bank accounts to check that they are operated within the terms of the academy trust's governing document and borrowing limits imposed by the funding agreement are not exceeded;
- Testing of expenditure, including expense claims for signs of transactions for personal benefit;
- Review of any extra-contractual payments made to staff;
- Review of procurement activity during the period

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 year ended 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.



Ashley Phillips FCCA (Reporting Accountant)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

Date: 9 December 2020

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(INCLUDING AN INCOME AND EXPENDITURE ACCOUNT AND STATEMENT
OF OTHER COMPREHENSIVE INCOME)
FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	31.08.20 Total Funds £	31.08.19 Total Funds £
Income from:						
Donations and capital grants	2	-	-	350,364	350,364	434,085
<i>Charitable activities:</i>						
Funding for the academy trust's educational operations	3	-	5,999,078	-	5,999,078	5,561,908
Other trading activities	4	98,991	-	-	98,991	140,644
Total income		<u>98,991</u>	<u>5,999,078</u>	<u>350,364</u>	<u>6,448,433</u>	<u>6,136,637</u>
Expenditure on:						
<i>Charitable activities:</i>						
Academy trust's educational operations	6	6,975	5,887,311	274,334	6,168,620	5,949,142
Total expenditure	5	<u>6,975</u>	<u>5,887,311</u>	<u>274,334</u>	<u>6,168,620</u>	<u>5,949,142</u>
Net income / (expenditure)		92,016	111,767	76,030	279,813	187,495
Transfers between funds	17	-	(95,410)	95,410	-	-
Net income/(expenditure) for the year before other recognised gains and losses		92,016	16,357	171,440	279,813	187,495
Other recognised gains/(losses):						
Actuarial remeasurements on defined benefit pension schemes	17 & 20	-	50,000	-	50,000	(315,000)
Net movement in funds		92,016	66,357	171,440	329,813	(127,505)
Reconciliation of funds						
Total funds brought forward		<u>325,617</u>	<u>(1,368,894)</u>	<u>14,021,040</u>	<u>12,977,763</u>	<u>13,105,268</u>
Total funds carried forward		<u>417,633</u>	<u>(1,302,537)</u>	<u>14,192,480</u>	<u>13,307,576</u>	<u>12,977,763</u>

All of the academy trust's activities derive from continuing operations during the above financial periods.

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

Company Registered Number: 10760163

BALANCE SHEET
AS AT 31 AUGUST 2020

	Notes	31.08.20 £	31.08.20 £	31.08.19 £	31.08.19 £
FIXED ASSETS					
Tangible assets	11		13,901,324		13,988,042
CURRENT ASSETS					
Debtors	12	422,799		214,652	
Cash at bank and in hand		956,902		588,580	
		<u>1,379,701</u>		<u>803,232</u>	
LIABILITIES					
Creditors: amounts falling due within one year	13	<u>(255,185)</u>		<u>(229,642)</u>	
NET CURRENT ASSETS			<u>1,124,516</u>		<u>573,590</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>15,025,840</u>		<u>14,561,632</u>
LIABILITIES					
Creditors: amounts falling due after more than one year	14		<u>(26,264)</u>		<u>(42,869)</u>
NET ASSETS EXCLUDING PENSION LIABILITY			<u>14,999,576</u>		<u>14,518,763</u>
Pension scheme liability	20		<u>(1,692,000)</u>		<u>(1,541,000)</u>
NET ASSETS INCLUDING PENSION LIABILITY			<u>13,307,576</u>		<u>12,977,763</u>
FUNDS OF THE ACADEMY:					
RESTRICTED FUNDS					
Fixed asset funds	17	14,192,480		14,021,040	
General funds	17	389,463		172,106	
Pension fund	17	<u>(1,692,000)</u>		<u>(1,541,000)</u>	
TOTAL RESTRICTED FUNDS			<u>12,889,943</u>		<u>12,652,146</u>
UNRESTRICTED FUNDS					
General funds	17	<u>417,633</u>		<u>325,617</u>	
TOTAL UNRESTRICTED FUNDS			<u>417,633</u>		<u>325,617</u>
TOTAL FUNDS			<u>13,307,576</u>		<u>12,977,763</u>

The financial statements on pages twenty two to forty five were approved by the Trustees, and authorised for issue on 9 December 2020 and signed on their behalf by:

Janice Brooke
 Mrs Janice Brooke
 Chair of Trustees

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Notes	31.08.20 £	31.08.19 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	1	462,748	(4,999)
Cash flows (used in)/provided by investing activities	2	(62,189)	335,819
Cash flows used in financing activities	3	(32,237)	(34,217)
Change in cash and cash equivalents in the reporting period		<u>368,322</u>	<u>296,603</u>
Cash and cash equivalents at 1 September		<u>588,580</u>	<u>291,977</u>
Cash and cash equivalents at 31 August	4	<u>956,902</u>	<u>588,580</u>

THE ARETÉ TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Reconciliation of net income to net cash flow from operating activities

	31.08.20	31.08.19
	£	£
Net (outgoing)/incoming resources	279,813	187,495
Capital Grant from DfE and other capital income (note 2)	(350,364)	(432,295)
Depreciation charges (note 11)	173,746	149,205
Loss on disposal of fixed assets	525	-
FRS 102 pension cost less contributions payable (note 20)	172,000	168,000
FRS 102 pension net interest cost (note 20)	28,000	26,000
FRS 102 administration cost (note 20)	1,000	1,000
Decrease/(Increase) in debtors	116,853	(136,910)
Increase in creditors	41,175	32,506
Net cash (used in)/provided by operating activities	<u>462,748</u>	<u>(4,999)</u>
2. Cash flows from investing activities		
Purchase of tangible fixed assets (note 11)	(87,553)	(96,476)
Capital grants from DfE/ESFA (note 2)	25,364	432,295
Net cash (used in)/provided by investing activities	<u>(62,189)</u>	<u>335,819</u>
3. Cash flows from financing activities		
Loan repayments	(32,237)	(34,217)
Net cash used in financing activities	<u>(32,237)</u>	<u>(34,217)</u>
4. Analysis of cash and cash equivalents		
Cash in hand and at bank	956,902	588,580
Total cash and cash equivalents	<u>956,902</u>	<u>588,580</u>

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

1. STATEMENT OF ACCOUNTING POLICIES

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

Basis of preparation

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

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. As part of this assessment the trustees have taken account of the impact on its finances as a result of the COVID-19 pandemic and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All incoming resources are recognised when the academy trust has entitlement to the funds, the receipt is probable and the amount can be measured with sufficient reliability.

• **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 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 goods have been provided or on completion of the service.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020

1. STATEMENT OF ACCOUNTING POLICIES - continued

- **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 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'.

- **Donated fixed assets (excluding transfers on conversion/into the academy trust)**

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and 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.

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £200 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the trust's depreciation policy.

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

Freehold property	- straight line over 125 years
Fixtures and fittings	- straight line over 5 years
Computer equipment	- straight line over 3 years

THE ARETÉ TRUST
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020

1. STATEMENT OF ACCOUNTING POLICIES - continued

Tangible fixed assets - continued

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 22.

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 interest payable and similar charges.

Leased assets

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

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 12. 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 note 13 & 14. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020

1. STATEMENT OF 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.

Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The 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 is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Education and Skills Funding Agency/Department for Education and Kent County Council.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020

1. STATEMENT OF ACCOUNTING POLICIES - continued

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 20, will impact the carrying amount of the pension liability.

Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 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.

Critical areas of judgement

The Trustees do not consider there to be any critical areas of judgement, other than those relating to estimation above, which have a significant effect on the amounts recognised in the financial statements.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £	Restricted Funds £	31.08.20 Total Funds £	31.08.19 Total Funds £
Capital grants	-	350,364	350,364	432,295
Other donations	-	-	-	1,790
	<u>-</u>	<u>350,364</u>	<u>350,364</u>	<u>434,085</u>

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020

3. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	31.08.20 Total Funds £	31.08.19 Total Funds £
DfE/ESFA GRANTS				
General Annual Grant (GAG)	-	5,395,871	5,395,871	5,228,424
Other DfE/ESFA grants	-	497,776	497,776	221,339
	<u>-</u>	<u>5,893,647</u>	<u>5,893,647</u>	<u>5,449,763</u>
OTHER GOVERNMENT GRANTS				
Local authority grants	-	105,431	105,431	92,762
Other income from the academy trust's educational operations	-	-	-	19,383
	<u>-</u>	<u>5,999,078</u>	<u>5,999,078</u>	<u>5,561,908</u>

4. OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	31.08.20 Total Funds £	31.08.19 Total Funds £
Hire of facilities	70,894	-	70,894	104,816
Other income	28,097	-	28,097	35,828
	<u>98,991</u>	<u>-</u>	<u>98,991</u>	<u>140,644</u>

THE ARETÉ TRUST
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020

5. EXPENDITURE

	Staff Costs £	Premises Costs £	Other Costs £	31.08.20 Total £	31.08.19 Total £
<i>Academy's educational operations</i>					
Direct costs	4,318,231	643,831	287,938	5,250,000	5,266,101
Allocated support costs	643,542	94,406	180,672	918,620	683,041
	<u>4,961,773</u>	<u>738,237</u>	<u>468,610</u>	<u>6,168,620</u>	<u>5,949,142</u>

Incoming/outgoing resources for the year include:

	31.08.20	31.08.19
Fees payable to auditor for:	£	£
- audit of financial statements	6,365	6,180
- other services	5,000	6,570
Depreciation - owned assets	173,746	149,205
Loss on disposal of fixed assets	525	-
Hire of plant and machinery	<u>10,543</u>	<u>10,543</u>

6. CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	31.08.20 Total £	31.08.19 Total £
Direct costs	848	5,249,152	5,250,000	5,266,101
Support costs	<u>6,127</u>	<u>912,493</u>	<u>918,620</u>	<u>683,041</u>
	<u>6,975</u>	<u>6,161,645</u>	<u>6,168,620</u>	<u>5,949,142</u>
Allocated support costs				
Support staff costs	-	643,542	643,542	426,931
Depreciation	-	22,552	22,552	14,025
Premises costs	(1,630)	73,483	71,853	71,697
Governance costs	-	11,365	11,365	12,750
Other support costs	<u>7,757</u>	<u>161,551</u>	<u>169,308</u>	<u>157,638</u>
	<u>6,127</u>	<u>912,493</u>	<u>918,620</u>	<u>683,041</u>

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020

7. STAFF COSTS

a. Staff costs

Staff costs during the period were:

	31.08.20	31.08.19
	£	£
Wages and salaries	3,622,564	3,446,544
Social security costs	366,592	352,125
Pension costs	<u>968,747</u>	<u>743,329</u>
	4,957,903	4,541,998
Supply teacher costs	<u>3,870</u>	<u>9,513</u>
	<u>4,961,773</u>	<u>4,551,511</u>

b. Staff numbers

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

	31.08.20	31.08.19
Charitable activities		
Teachers	70	68
Administration and support	53	50
Management	<u>7</u>	<u>7</u>
	<u>130</u>	<u>125</u>

c. Higher paid staff

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

	31.08.20	31.08.19
£60,001 - £70,000	3	3
£70,001 - £80,000	1	1
£100,001 - £110,000	-	-
£110,001 - £120,000	<u>1</u>	<u>1</u>

All of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2020, pension contributions for these staff amounted to £91,540 (2019: £70,140).

d. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employers national insurance contributions) received by key management personnel for their services to the academy trust was £673,068 (2019: £616,270).

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020

8. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principle and other staff Trustees only receive remuneration in respect of services they provide undertaking roles of principle or staff members under their contracts of employment.

The value of Trustees' remuneration and other benefits was as follows:

S Pritchard (CEO, Headteacher and staff Trustee)		
Remuneration	£115,000 - £120,000	(31.08.19: £110,000 - £115,000)
Employer's pension contributions	£25,000 - £30,000	(31.08.19: £15,000 - £20,000)

During the year ended 31 August 2020, no travel and subsistence expenses were reimbursed or paid directly to Trustees (year ended 2019: £nil).

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

9. TRUSTEES' AND OFFICERS' INSURANCE

The charitable company 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 and it is therefore included in the total insurance cost.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020

10. COMPARATIVE PERIOD STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	31.8.19 Total Funds £
Income from:					
Donations and capital grants	2	100	1,690	432,295	434,085
Charitable activities:					
Funding for the academy trust's educational operations	3	18,793	5,543,115	-	5,561,908
Other trading activities	4	<u>140,644</u>	<u>-</u>	<u>-</u>	<u>140,644</u>
Total income		<u>159,537</u>	<u>5,544,805</u>	<u>432,295</u>	<u>6,136,637</u>
Expenditure on:					
Charitable activities:					
Academy trust's educational operations	6	<u>20,504</u>	<u>5,512,049</u>	<u>416,589</u>	<u>5,949,142</u>
Total expenditure	5	<u>20,504</u>	<u>5,512,049</u>	<u>416,589</u>	<u>5,949,142</u>
Net income / (expenditure)		<u>139,033</u>	<u>32,756</u>	<u>15,706</u>	<u>187,495</u>
Transfers between funds		<u>-</u>	<u>(66,928)</u>	<u>66,928</u>	<u>-</u>
Net income/(expenditure) for the year before other recognised gains and losses		<u>139,033</u>	<u>(34,172)</u>	<u>82,634</u>	<u>187,495</u>
Other recognised gains/(losses)					
Actuarial remeasurements on defined benefit pension schemes	20	<u>-</u>	<u>(315,000)</u>	<u>-</u>	<u>(315,000)</u>
Net movement in funds		<u>139,033</u>	<u>(349,172)</u>	<u>82,634</u>	<u>(127,505)</u>
Reconciliation of funds					
Total funds brought forward		<u>186,584</u>	<u>(1,019,722)</u>	<u>13,938,406</u>	<u>13,105,268</u>
Total funds carried forward	17	<u>325,617</u>	<u>(1,368,894)</u>	<u>14,021,040</u>	<u>12,977,763</u>

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020

11. TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures and Fittings £	Computer Equipment £	Totals £
COST				
At 1 September 2019	14,098,568	137,362	71,016	14,306,946
Additions	-	32,780	54,773	87,553
Disposals	-	(1,500)	-	(1,500)
At 31 August 2020	<u>14,098,568</u>	<u>168,642</u>	<u>125,789</u>	<u>14,392,999</u>
DEPRECIATION				
At 1 September 2019	253,775	29,330	35,799	318,904
Charge for period	112,789	30,762	30,195	173,746
Eliminated on disposal	-	(975)	-	(975)
At 31 August 2020	<u>366,563</u>	<u>59,117</u>	<u>65,995</u>	<u>491,675</u>
NET BOOK VALUE				
At 31 August 2020	<u>13,732,005</u>	<u>109,525</u>	<u>59,795</u>	<u>13,901,324</u>
At 31 August 2019	<u>13,844,793</u>	<u>108,032</u>	<u>35,217</u>	<u>13,988,042</u>

12. DEBTORS

	31.08.20 £	31.08.19 £
Trade debtors	3,844	20,149
VAT recoverable	12,000	68,616
Prepayments and accrued income	<u>406,955</u>	<u>125,887</u>
	<u>422,799</u>	<u>214,652</u>

THE ARETÉ TRUST
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.08.20	31.08.19
	£	£
Trade creditors	-	1,211
Taxation and social security	87,563	77,106
Accruals and deferred Income	151,105	112,598
Other creditors	-	6,578
Loans (see note 15)	<u>16,517</u>	<u>32,149</u>
	<u>255,185</u>	<u>229,642</u>

Deferred income

	31.08.20	31.08.19
	£	£
Deferred Income at 1 September	29,078	26,735
Released from previous years	(29,078)	(26,735)
Resources deferred in the year	<u>26,438</u>	<u>29,078</u>
Deferred Income at 31 August	<u>26,438</u>	<u>29,078</u>

Deferred Income of £26,438 at 31 August 2020 represents the portion of the rates grant received from the ESFA which relates to the year commencing 1 September 2020 (2019: £29,078).

14. CREDITORS: AMOUNTS FALLING DUE IN GREATER THAN ONE YEAR

	31.08.20	31.08.19
	£	£
Loans (see note 15)	<u>26,264</u>	<u>42,869</u>
	<u>26,264</u>	<u>42,869</u>

15. LOANS

	31.08.20	31.08.19
	£	£
Amounts falling due within one year on demand:		
Loans	16,517	32,149
Amounts falling between one and two years:		
Loans 1-2 years:	16,616	16,382
Amounts falling due between two and five years:		
Loans 2-5 years:	<u>9,648</u>	<u>26,487</u>
	<u>42,781</u>	<u>75,018</u>

One loan is from KCC and is provided on the following terms: the original loan was for £117,221 and is repayable over a 7 year duration, with 2 years and 7 months remaining. Loan repayments of £1,394, including an interest element, per month will pay off this loan. The other loan was from SALIX and was for an amount of £52,440, repayable over three years with the instalments falling in September 2017, 2018 and 2019.

THE ARETÉ TRUST
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020

16. OPERATING LEASE COMMITMENTS

At 31 August 2020 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	31.8.20	31.8.19
	£	£
Amounts due within one year	10,543	10,543
Amounts due between one and five years	<u>4,498</u>	<u>15,041</u>
	<u>15,041</u>	<u>25,584</u>

17. FUNDS

	Balance at 1 September 2019 £	Incoming Resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	56,032	5,395,871	(5,306,443)	(95,410)	50,050
Other DfE/ESFA grants	114,481	497,776	(274,437)	-	337,820
Local authority grants	1,593	105,431	(105,431)	-	1,593
Pension reserve	<u>(1,541,000)</u>	-	<u>(201,000)</u>	<u>50,000</u>	<u>(1,692,000)</u>
	<u>(1,368,894)</u>	<u>5,999,078</u>	<u>(5,887,311)</u>	<u>(45,410)</u>	<u>(1,302,537)</u>
Restricted fixed asset funds					
Transfer on conversion	13,877,936	-	(130,727)	-	13,747,209
KCC loan	(59,046)	-	-	16,265	(42,781)
SALIX loan	(15,972)	-	-	15,972	-
CIF funding	78,683	325,000	(78,683)	-	325,000
Devolved capital	76,240	25,364	(39,863)	(16,265)	45,476
Expenditure from GAG	<u>63,199</u>	-	<u>(25,061)</u>	<u>79,438</u>	<u>117,576</u>
	<u>14,021,040</u>	<u>350,364</u>	<u>(274,334)</u>	<u>95,410</u>	<u>14,192,480</u>
Total restricted funds	<u>12,652,146</u>	<u>6,349,442</u>	<u>(6,161,645)</u>	<u>50,000</u>	<u>12,889,943</u>
Unrestricted funds					
Unrestricted funds	<u>325,617</u>	<u>98,991</u>	<u>(6,975)</u>	-	<u>417,633</u>
Total funds	<u>12,977,763</u>	<u>6,448,433</u>	<u>(6,168,620)</u>	<u>50,000</u>	<u>13,307,576</u>

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020

17. FUNDS - CONTINUED

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

General Annual Grant (GAG)

Funds must be used for the normal running costs of the academy trust. The academy trust is allowed to carry forward funds in accordance with the Academies Financial Handbook, which is reviewed annually. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

Other restricted general funds

Funding is provided by government grants and local authority grants in addition to the GAG which must be used for the provision of education for special needs purposes and other specified activities.

Other restricted grants and donations must be used according to the terms of the restrictions imposed by the grantor or the donor.

The pension liability has been charged to restricted reserves. This is because the obligation to fund the deficit is met from the General Annual Grant funding which is accounted for through restricted reserves and therefore it is more appropriate to charge the deficit to restricted reserves.

Restricted fixed asset funds

Funding is provided by way of government grants or capital expenditure from the GAG in order to acquire specified fixed assets for use by the academy trust in achieving its educational objectives.

Unrestricted funds

Unrestricted funds can be used for any purpose at the discretion of the academy trust.

Transfers between funds

The academy has, in accordance with its funding agreement, applied some of its GAG to purchase fixed assets during the period under review. Accordingly there has been a transfer between restricted GAG funds and restricted fixed asset funds of £79,438 to reflect this. A transfer of £15,972 has also been made in regards to the repayment of the SALIX loan funded through GAG.

Some of the devolved formula capital grant from the ESFA has been utilised to pay the amounts due on the capital loan from the Local Authority. Accordingly a transfer of £16,265 has been made between the devolved capital fund and the KCC loan within the restricted fixed asset funds.

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020

17. FUNDS - CONTINUED

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

	Balance at 1 September 2018 £	Incoming Resources £	Resources Expended £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	-	5,228,424	(5,105,464)	(66,928)	56,032
Other DfE/ESFA grants	9,036	221,339	(115,894)	-	114,481
Local authority grants	2,242	90,581	(91,230)	-	1,593
Other restricted grants	-	4,461	(4,461)	-	-
Pension reserve	(1,031,000)	-	(195,000)	(315,000)	(1,541,000)
	<u>(1,019,722)</u>	<u>5,544,805</u>	<u>(5,512,049)</u>	<u>(381,928)</u>	<u>(1,368,894)</u>
Restricted fixed asset funds					
Transfer on conversion	14,008,139	-	(130,203)	-	13,877,936
KCC loan	(75,029)	-	-	15,983	(59,046)
SALIX loan	(33,452)	-	-	17,480	(15,972)
CIF funding	-	346,067	(267,384)	-	78,683
Devolved capital	6,117	86,228	(122)	(15,983)	76,240
Expenditure from GAG	32,631	-	(18,880)	49,448	63,199
	<u>13,938,406</u>	<u>432,295</u>	<u>(416,589)</u>	<u>66,928</u>	<u>14,021,040</u>
Total restricted funds	<u>12,918,684</u>	<u>5,977,100</u>	<u>(5,928,638)</u>	<u>(315,000)</u>	<u>12,652,146</u>
Unrestricted funds					
Unrestricted funds	186,584	159,537	(20,504)	-	325,617
	<u>186,584</u>	<u>159,537</u>	<u>(20,504)</u>	<u>-</u>	<u>325,617</u>
Total funds	<u>13,105,268</u>	<u>6,136,637</u>	<u>(5,949,142)</u>	<u>(315,000)</u>	<u>12,977,763</u>

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2020 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total Funds £
Tangible fixed assets	-	-	13,901,324	13,901,324
Current assets	426,023	619,741	333,937	1,379,701
Current liabilities	(8,390)	(230,278)	(16,517)	(255,185)
Non-current liabilities	-	-	(26,264)	(26,264)
Pension scheme liability	-	(1,692,000)	-	(1,692,000)
Total net assets	<u>417,633</u>	<u>(1,302,537)</u>	<u>14,192,480</u>	<u>13,307,576</u>

THE ARETÉ TRUST
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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS - CONTINUED

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total Funds £
Tangible fixed assets	-	-	13,988,042	13,988,042
Current assets	339,250	313,006	150,976	803,232
Current liabilities	(13,633)	(140,900)	(75,109)	(229,642)
Non-current liabilities	-	-	(42,869)	(42,869)
Pension scheme liability	-	(1,541,000)	-	(1,541,000)
Total net assets	325,617	(1,368,894)	14,021,040	12,977,763

19. MEMBERS LIABILITY

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

20. PENSION AND SIMILAR OBLIGATIONS

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

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

There were no outstanding or prepaid contributions at 31 August 2020 (2019: £nil).

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.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020

20. PENSION AND SIMILAR OBLIGATIONS - CONTINUED

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £571,892 (2019: £454,108).

A copy of the latest valuation report can be found by following this link to the [Teachers' Pensions website](#).

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £173,000 (2019: £159,000), of which employer's contributions totalled £133,000 (2019: £122,000) and employees' contributions totalled £40,000 (2019: £37,000). The agreed contribution rates for future years are 21.0 per cent for employers and between 5.5 per cent and 12.5 per cent for employees.

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

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020

20. PENSION AND SIMILAR OBLIGATIONS - continued

Local Government Pension Scheme - continued

Principal actuarial assumptions

	31.08.20	31.08.19
Rate of increase in salaries	3.25%	3.70%
Rate of increase for pensions in payment/inflation	2.25%	2.20%
Discount rate for scheme liabilities	1.60%	1.90%
Inflation assumptions (CPI)	2.25%	2.20%
Commutation of pension to lump sums	50.00%	50.00%

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

	31.08.20	31.08.19
Retiring today		
Males	21.8	22.1
Females	23.8	24.0
Retiring in 20 years		
Males	23.2	23.7
Females	25.2	25.8

Sensitivity analysis

	31.08.20	31.08.19
	£	£
Change in present value of total obligations		
Discount rate +0.1%	(86,000)	(82,000)
Discount rate -0.1%	88,000	84,000
Mortality assumptions – 1 year increase	130,000	111,000
Mortality assumptions – 1 year decrease	(126,000)	(107,000)

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

	31.08.20	31.08.19
	£	£
Equities	1,211,000	1,101,000
Gilts	13,000	12,000
Other bonds	242,000	146,000
Property	206,000	188,000
Cash	57,000	43,000
Absolute return fund	143,000	126,000
Total market value of assets	1,872,000	1,616,000

The actual return on plan assets was £126,000 (2019: £56,000).

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NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020

20. PENSION AND SIMILAR OBLIGATIONS - continued

Local Government Pension Scheme - continued

Amounts recognised in the Statement of Financial Activities

	31.08.20	31.08.19
	£	£
Current service cost	305,000	243,000
Past service cost	-	47,000
Net interest on defined liability	28,000	26,000
Administration expenses	<u>1,000</u>	<u>1,000</u>
Total amounts recognised in the SOFA	<u>334,000</u>	<u>317,000</u>

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

	31.08.20	31.08.19
	£	£
Opening defined benefit obligation	3,157,000	2,422,000
Current service cost	305,000	243,000
Contributions by scheme participants	40,000	37,000
Interest cost	60,000	65,000
Re-measurement (gains)/losses	100,000	484,000
Past service cost	-	47,000
Change in demographic assumptions	<u>(98,000)</u>	<u>(141,000)</u>
Closing defined benefit obligation	<u>3,564,000</u>	<u>3,157,000</u>

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

	31.08.20	31.08.19
	£	£
Opening fair value of scheme assets	1,616,000	1,391,000
Interest on plan assets	32,000	39,000
Return on assets less interest	94,000	28,000
Contributions by employer	122,000	122,000
Contributions by scheme participants	40,000	37,000
Administration expenses	<u>(1,000)</u>	<u>(1,000)</u>
Closing fair value of scheme assets	<u>1,872,000</u>	<u>1,616,000</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 AUGUST 2020

21. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations or individuals in which a Trustee or member of senior management has an interest. All transactions involving such organisations or individuals are conducted in accordance with the requirements of the AFH and in accordance with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the year of account other than certain Trustees' remuneration and expenses already disclosed in note 8.

22. AGENCY ARRANGEMENTS

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ended 31 August 2020 the trust received £19,047 and disbursed £25,625 from the fund. An amount of £nil (2019: £6,578) is included in other creditors relating to undistributed funds that are repayable to ESFA.

23. CONTINGENT LIABILITY

The trust may have a contingent liability in respect of term time annual leave calculation. During the year, certain trade unions began looking at potentially making claims against Kent based education employers regarding the calculation of term time only workers' annual leave. This has arisen across the LA as a whole and is not unique to this trust. The ultimate liability, if any, cannot be determined with any certainty and arises in respect of calculations of full time equivalent hours of a small number of staff. It is possible that in the event of any claim the trust will be reimbursed for some or all of any liability arising. For these reasons, the trustees do not believe any liability should be included in the accounts for the year ended 31 August 2020.