
THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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THE SCHELWOOD TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members

Edward John
Margaret Waller
Peter Ward

Trustees

Jonathan Reekie, Chair
Wendy Barnett
Kathleen Higgins
Julian Ingram (appointed 22 September 2020)
Krishna Iyer
Robert Robertson
Joanne Rockall
Jamie Rockman (appointed 20 September 2019)
Paul Rowley
Salima Shariff

Company registered number

07899845

Company name

The Schelwood Trust

Principal and registered office

Northampton Avenue
Slough
Berkshire
SL1 3BW

Company Secretary

Judith Vucic - CFO

Accounting Officer

Joanne Rockall

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Senior Leadership Team

Beechwood School:

Brian Bowker – Deputy Headteacher
Kathryn Byrom - Assistant Headteacher
Karen Crump - HR Manager
Mike Gaffin - Assistant Headteacher
Kathleen Higgins – Executive Headteacher
Iain Priestley – Deputy Headteacher

Herschel Grammar School:

Michael Bourne – Deputy Headteacher
Steven Devereux – Deputy Headteacher
Alison Oxley – Assistant Headteacher
Graham Parsons – Assistant Headteacher
Jo Rockall – Headteacher
Graham Whittaker – Assistant Headteacher
Judith Vucic, CFO

Independent auditors

Landau Baker Limited
Chartered Accountants
Statutory Auditors
Mountcliff House
154 Brent Street
London
NW4 2DR

Bankers

Lloyds Bank plc
123 High Street
Town Centre
Slough
SL1 1EH

Solicitors

Winckworth Sherwood
Minerva House
5 Montagu Close
London
SE1 9BB

THE SCHELWOOD TRUST
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

What we Believe in

| |
|--|
| Our Mission |
| To use the power of education to create real opportunities that transform lives |
| Our Vision |
| By 2025 the trust will be recognised locally and regionally as a highly effective MAT delivering outstanding results. This will be achieved by ensuring our young people develop the skills, qualities and attributes to enable them to pursue and enjoy successful and fulfilling lives, both professionally and personally. We believe in providing life transforming education for our young people, who come from diverse backgrounds and have a wide variety of needs. Education creates the opportunity for them to overcome social injustice, inequality and ensure social mobility. |
| Our Students , will have a great and memorable educational experience via access to a curriculum that supports outstanding learning, development and achievement in both academia and personal development. |
| Our Leavers will go on into further study, training or work as confident, successful individuals well equipped to face the challenges of an ever-changing world, able to make a positive contribution to society. |
| Our Staff are the heart of our trust. We want to build high performing teams. They will become advocates of our trust and recommend us as a place to work. |
| Our Finances will be strong and sustainable with adequate reserves. Enabling us to invest in our assets and provide the resources to ensure future generations can receive an even better school experience |
| Our Values and Ethos |
| Our values and ethos are our overarching guide for all we want to achieve at The Schelwood Trust. All staff, students, Governors, Trustees and Members share a commitment to the values and ethos, and this ensures we put our young people at the heart of every decision. |
| Ambitious – setting high standards, taking responsibility and being accountable, with the rigour to deliver a continuous cycle of school improvement. |
| Improvement - We actively support our young people to strive for excellence and overcome disadvantage. |
| Inclusive – We love our diverse community, and we see difference as a source of strength |
| Respectful – for self and others, for learning achievement and opportunity, for hard work and determination and for our community and environment |
| Our Aims |
| We will work collaboratively, openly and honestly across the Trust to: |
| <ul style="list-style-type: none">• Ensure that all our students have access to a curriculum and educational provision that supports outstanding learning, development and achievement<ul style="list-style-type: none">• Ensure that every student has the equality of opportunity to maximise their potential• Celebrate the uniqueness and diverse range of young people in each of our schools<ul style="list-style-type: none">• Support our students to strive for excellence and overcome disadvantage• Support the development and training of outstanding teachers and practitioners, giving them the opportunity to excel and share best practice• Support our staff to become highly skilled professionals, whilst ensuring their well-being |

THE SCHELWOOD TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Summary

The Trust operates two secondary schools in Slough, which are Beechwood School and Herschel Grammar School. The combined capacity is 1805 and they had a roll of 1858 in the October 2019 school census.

Our schools face different challenges to achieve our overall Trust vision. Here are three examples:

| | Beechwood | Herschel Grammar |
|---|------------------|-------------------------|
| Admission policy | Non-Selective | Selective |
| % Pupil Premium | 34 | 10 |
| % Free School Meals | 25 | 6 |
| % English as Additional Language | 38 | 45 |

Despite these challenges our student's exam results were very encouraging across both schools with improvements in all areas. We recognise that this was an extraordinary year and these results were achieved by our students in the face of unique difficulties.

| | Beechwood | | Herschel Grammar | |
|---------------------------------------|------------------|---------------|-------------------------|---------------|
| | % | Change | % | Change |
| GCSE English and Maths 5+ | 33 | +6 | 100 | +6 |
| GCSE passing 2 Science 4+ | 59 | +8 | 100 | +1 |
| A Levels % A -C* | 87 | +12 | 91 | +8 |
| Average point score by student | 109 | +20 | 119 | +6 |

**Includes BTEC level 3 results for Beechwood*

Herschel Grammar was rated Outstanding by Ofsted in 2012 and Beechwood was rated in 2019 as 'requiring improvement'. We look forward to a new OFSTED rating that reflects the significant improvements achieved by our Beechwood team.

The unforeseen challenges of Covid-19 have also created several financial challenges since March 2020 and there have been significantly adverse effects on the budget for 2019/2020, particularly for Herschel Grammar School through a loss of income. However, these issues have been monitored carefully throughout 2020 and we will continue to do so for the 2020/21 financial year.

Our long-term objective is still to build a mid-size Multi Academy Trust of between 5/6 schools, both primary and secondary, offering outstanding education. As the Slough area continues to expand, with improving transport links into central London and the growth of the M4 Tech corridor, so will the demand for excellent local schools.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Chair's Statement

It is a privilege to introduce my third annual report as Chair of the Schelwood Trustees. We would all wish for better times, but this has not diminished my, or my fellow trustees', commitment to deliver our support to the talented team of staff, helping them to deliver the outstanding results that give our students the best opportunities in life.

The Covid-19 pandemic has seen many of us lose friends and loved ones. There is no comparable experience to help us manage the education of our students. I would therefore like to first underline our thanks to all our staff, students, parents, suppliers, and their communities for their support in such demanding times. During the lockdown period both schools remained open for keyworkers and vulnerable children and reopened for Years 10 and 12 in June 2020. We provided online lessons and learning throughout the lockdown period. We signed up to the National food voucher scheme to provide those entitled to free meals. Sadly, we had to furlough several of our catering staff at Herschel Grammar School, where we run our own catering facility for staff and students. I'm pleased to confirm that they are now back in our canteen. During the pandemic we have also been concerned about the mental health and wellbeing of our staff and students and we have ensured that help has been given.

Both schools were unable to hold GCSE and A level exams during the summer term and submitted centre assessed grades. We were able to reopen during the summer to provide some catch up face to face learning. Uncertainty of course remains on the impact of COVID on exams and assessments for the new academic year. In these times of adversity, we see a true test of our culture and ethos. Our students have shown great resilience in adapting to the new teaching environment and are the best ambassadors of what we believe in.

Some challenges will remain with us after Covid-19, not least managing the PFI agreement we inherited at Beechwood, but I am confident that our approach and the results we are delivering create better life chances for our students.

Jonathan Reekie

THE SCHELWOOD TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Schelwood Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as The Schelwood Trust.

Details of the trustees who served during the year and to the date these accounts are approved are included in the Reference and Administrative Details on page 2.

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

There are and were no qualifying third-party indemnity provisions during the financial year to which this report relates.

Method of Recruitment and Appointment or Election of Trustees

New Trustees are sought by contact with Academy Ambassadors or through recommendation of existing Members or Trustees but are appointed based on the competency/skills they will bring to the Board.

Policies and Procedures Adopted for the Induction and Training of Trustees

Most of the Trustees have many years of experience in school governance. New trustees are required to attend an induction training course. Further training and development are identified in relation to the needs of new Trustees. Specific finance training for Trustees is conducted by the CFO and data training is provided by the Trust's Headteachers as well as through NGA and other governance networks.

A competency survey has been undertaken on Trustees and this reveals a range of skills/competencies which match the Trustee's/school's needs. This has also been useful in the recruitment of new Trustees.

Organisational Structure

There has been no change to the structure of the Trust which operates via a :-

- Trust Board,
- Finance, Audit and Risk Committee
- Appraisal and Pay Committee
- Local Governing Boards (LGBs) at the two Schools. The chairs of both LGBs are also Trustees

A document headed 'Delegated Powers' is approved by the Trustees annually. This specifies where responsibility for major decision lies. Levels of delegation are:-

Level 1 – Trustees (Trust Board)

Level 2 – Committees of the Trust Board

Level 3 – Headteacher

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Structure, Governance and Management (continued)

The Trust does not operate with one Chief Executive Officer but with two Headteachers working collaboratively. Ms Jo Rockall is the Principal Accounting Officer for the trust.

Arrangements for setting pay and remuneration of key management personnel

The Appraisal and Pay Committee oversees the pay and targets for the two Headteachers and this committee manages their performance management process and sets their pay. In setting their pay due consideration is taken to achievement against targets, the difficulty of recruiting effective Headteachers (and an Accounting Officer) but guidance from the DfE is considered. The committee is advised by an external and competent advisor on targets and meets annually with the two Headteachers. The committee meets during the year to review the effectiveness of performance management and the progress of the two Headteachers with their targets. The committee also agrees the salary range and pay progression for the Trust's Senior Leadership Team (SLT). Decisions are made at the annual meeting of the committee regarding performance related rises.

Targets for the SLT are set by the Headteachers of their individual schools who line manages those staff. The Appraisal and Pay Committee met on two occasions during the year and the purpose of those meetings is to ensure that performance management was being correctly carried out during the year and to be informed of members of the whole staff that are failing on performance and targets. At the same time, the progress of the two Headteachers with their targets are monitored. There is a Pay policy agreed by the Trustees which guides this process.

Trade Union Facility Time

| Number of employees who were relevant union officials during the relevant period | Full-time equivalent employee number |
|--|---|
| 1 | 0.0025 |
| Percentage of time spent on facility time | Number of employees |
| 0-1% | 1 |
| 1-50% | 0 |
| 51-99% | 0 |
| 100% | 0 |
| Percentage of pay bill spent on facility time | |
| Total cost of facility time | £162 |
| Total pay bill | £8,798,000 |
| Percentage of the total pay bill spent on facility time, | Negligible |
| Time spent on paid trade union activities as a percentage of total paid facility time hours | Negligible |

Related parties and other connected charities and organisations

There is one 'Related Party Relationship' but no formally connected organisations. The Related Party Transaction relates to Mrs W Barnett who provides a gardening service to the Trust, but her remuneration is under £20,000.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and Activities

Objects and Aims

“To advance for the public benefit education in the United Kingdom 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 occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.”

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|--|
| Our Mission |
| To use the power of education to create real opportunities that transform lives |
| Our Vision |
| By 2025 the trust will be recognised locally and regionally as a highly effective MAT delivering outstanding results. This will be achieved by ensuring our young people develop the skills, qualities and attributes to enable them to pursue and enjoy successful and fulfilling lives, both professionally and personally. We believe in providing life transforming education for our young people, who come from diverse backgrounds and have a wide variety of needs. Education creates the opportunity for them to overcome social injustice, inequality and ensure social mobility. |

Specifically, our objectives for both our academies are:

- For Beechwood School to be a first-choice secondary school in Slough and to extend the educational opportunities for all students that come to that school. The aim is to advance Beechwood School from its present OFSTED rating as ‘requires improvement’ to ‘good or outstanding’
- For Herschel Grammar School to be a first-choice selective school in Slough, as a selective school, entrants must pass the 11+ test for entry to years 7-11. We aim to maintain the Schools’ OFSTED rating of ‘outstanding’

| |
|--|
| Our Aims |
| <p style="text-align: center;">We will work collaboratively, openly and honestly across the Trust to:</p> <ul style="list-style-type: none">• Ensure that all our young people have access to a curriculum and educational provision that supports outstanding learning, development and achievement• Ensure that every young person has the equality of opportunity to maximise their potential<ul style="list-style-type: none">• Celebrate the uniqueness and diverse range of young people of each of our schools• Support our young people to strive for excellence and overcome disadvantage• Support the development of outstanding teachers and practitioners, giving them the opportunity to excel and share best practice• Support our staff to become highly skilled professionals, whilst ensuring their well-being |

Objectives , Strategies and Activities

Targets for all schools are set at the beginning of the academic year and overseen by the Trust Board and the Local Governing Boards. During the course of the year Trustees review progress against these targets and the individual school improvement plans. This is done in a challenging way to ensure that the schools are doing all they can to provide the best education for all of its students, in order to equip them for the world after formal education has been completed. Trustees question what strategies are being employed where it is apparent that students are not achieving their full potential and the schools are not on course to achieve their overall targets.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and Activities (continued)

| No | Strategic Priorities | Targeted Areas |
|----|---|--|
| 1 | Securing outstanding standards across the Trust and therefore outstanding achievement for all the students we serve | <ul style="list-style-type: none"> • Staff recruitment • Professional learning to ensure consistency of quality of practice • Sharing of resources to drive economies • Greater collaboration • Closing the gap re educational experience and outcomes |
| 2 | Developing our structure to ensure we can secure sustainable standards and achievements | <ul style="list-style-type: none"> • Shared and centralised services • Develop Scheme of delegation to enable seamless working relationship between trust board and LGB's • Joint recruitment |
| 3 | Ensuring our financial management enables the sustained delivery of the resources needed to secure these standards and achievements | <ul style="list-style-type: none"> • Ensuring our financial decisions are driven by securing strong student outcomes • Better integration of finance functions • Explore improvements to the PFI contract • Harmonising systems whilst ensuring different challenges in different schools are recognized and respected |

Public Benefit

In setting the objectives, the Trustees have considered the Charity Commission's general guidance on public benefit and to its supplementary public benefit guidance on advancing education. In this regard, we run, outside of the normal school day, extensive opportunities for students who are preparing for examinations. The Headteachers are actively involved in the Slough Association of Secondary Heads (SASH), which brings together all Headteachers in Slough (both selective and non-selective) who work to benefit education across Slough. Through this organisation a Slough Teaching School Alliance has been set up with full time staff to assist the work of SASH and to take on work on behalf of the Local Authority.

As a trust we make the best use of our skills, expertise and experience with regards to the community. Some examples of this are:

- Raising money for local, national and international charities
- 6th form contribution to the community service scheme
- Sports leader programmes that provide sporting activities and events to local Primary Schools
- Young Health Champions programme co-producing local mental health and wellbeing services
- Peer mentoring scheme supporting the welfare and wellbeing of our own students
- Maths/Science support to local Primary Schools
- Music programmes by the school's choir and orchestra to the wider community such as a local Nursing Home and concerts in public places
- Providing governor and trustee support to the local SASH schools

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

(continued)

Strategic Report

Achievements and performance

Despite the hopefully unique challenges of the year the trust is proud of the continued improvement in our overall performance. Our key measure is how well we are doing in delivering our Mission.

| Our Mission |
|---|
| To use the power of education to create real opportunities that transform lives |

Key Performance Indicators – Beechwood School

This is a non-selective school within a selective authority. The students who attend Beechwood school are therefore not positioned to access a Grammar School considering their prior attainment/ability to secure the entry mark in the 11+ Examination. On average well over a third of students, when joining Beechwood in Year 7, have not met the expected standard at the end of Key Stage 2.

Student Progress

| | Actual 2018/19 | Target 2019/20 | Actual 2019/20 |
|--------------------------|-----------------------|-----------------------|-----------------------|
| Progress 8 | -0.46 | -0.3 to 0 | +0.11** |
| Progress 8 Pupil Premium | -0.82 | -0.48 to 0 | -0.06 |
| Attainment 8 | 39.02 | 40-41 | 42.26 |
| Alps T Score | 2 | 1 | 1 |
| % Neet Key Stage 4 | 0% | 0% | 0% |
| % Neet Key Stage 5 | 0% | 0% | 0% |
| % Attendance | 94.5% | 95% | n/a |

***Estimated as P8 cannot be calculated this year. P8 score is calculated by the software using last year's data and therefore provides a guide only in terms of progress of students and comparison to previous years.*

GCSE Outcomes – Comparative data:

| | 2018 Results | 2019 Results | Targets | 2020 Results* |
|-----------------------------------|---------------------|---------------------|----------------|----------------------|
| % English (Lit/Lang) and Maths 4+ | 50 | 49 | 55 | 56 |
| % English (Lit/Lang) and Maths 5+ | 23 | 27 | 30 | 33 |
| % English (Lit/Lang) and Maths 7+ | 4 | 7 | 6 | 6 |
| % Maths 4+ | 53 | 54 | 56 | 59 |
| % Maths 5+ | 23 | 33 | 37 | 39 |
| % English 4+ | 75 | 72 | 74 | 77 |
| % English 5+ | 52 | 52 | 50 | 51 |
| % Passing 2 Science (4+) | 57 | 51 | 58 | 59 |

**2020 data based on best of the centre assessed grades and the examination board standardisation following the cancellation of Summer 2020 public examinations due to the Covid-19 pandemic*

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

(continued)

A Level and BTEC level 3 Results combined – Comparative outcomes:

| | 2018 Results | 2019 Results | Targets | 2020 Results* |
|--------------------------------|--------------|--------------|---------|---------------|
| %A* to C | 73 | 75 | 80 | 87 |
| %A* to E | 97 | 97 | 100 | 100 |
| Average point score by student | 82 | 89 | 98 | 109 |
| Average point score by entry | 28 | 30 | 32 | 33 |

**2020 data based on best of the centre assessed grades and the examination board standardisation following the cancellation of Summer 2020 public examinations*

Key performance indicators - Herschel Grammar School

This is a selective school, admitting students into Year 7 based on an 11+ test which aims to select the top 30% of the cohort taking the test.

Student Progress

| | Actual 2018/19 | Target 2019/20 | Actual 2019/20 |
|--------------------------|----------------|----------------|----------------|
| Progress 8 | +0.99 | +0.6 - +1.0 | +1.02 ** |
| Progress 8 Pupil Premium | +0.57 | +0.6 - +1.0 | +0.7 |
| Attainment 8 | 73.8 | 73.9 | 76.02 |
| Alps T Score | 5 | 4 | 2 |
| % Neet Key Stage 4 | < 1% | 0% | 0% |
| % Neet Key Stage 5 | 0% | 0% | 0% |
| % Attendance | 97% | 97% | n/a |

***Estimated as P8 cannot be calculated this year. . P8 score is calculated by the software using last year's data and therefore provides a guide only in terms of progress of students and comparison to previous years.*

GCSE Outcomes – Comparative outcomes:

| | 2018 Results | 2019 Results | Targets | 2020 Results* |
|-----------------------------------|--------------|--------------|---------|---------------|
| % English (Lit/Lang) and Maths 4+ | 99 | 99 | 100 | 100 |
| % English (Lit/Lang) and Maths 5+ | 90 | 94 | 98 | 100 |
| % English (Lit/Lang) and Maths 7+ | 50 | 61 | 78 | 75 |
| % Maths 4+ | 100 | 99 | 100 | 100 |
| % Maths 5+ | 94 | 96 | 100 | 100 |
| % Maths 7+ | 66 | 79 | 90 | 88 |
| % English 4+ | 99 | 100 | 100 | 100 |
| % English 5+ | 95 | 97 | 100 | 100 |
| % English 7+ | 65 | 74 | 78 | 79 |
| % Passing 2 Science (4+) | 99.3 | 99 | 100 | 100 |

**2020 data based on best of the centre assessment grades and the examination board standardisation following the cancellation of Summer 2020 public examinations due to the Covid-19 pandemic.*

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

(continued)

A Level Results – Comparative outcomes:

| | 2018 Results | 2019 Results | Targets | 2020 Results* |
|---------------------------------|--------------|--------------|---------|---------------|
| % A* to A | 29 | 39 | >37 | 47 |
| % A* to B | 62 | 64 | >68 | 74 |
| % A* to C | 86 | 83 | 100 | 91 |
| % A* to E | 99 | 98 | 100 | 100 |
| Average point scored by Student | 113 | 113 | 129 | 119 |
| Average point score by entry | 38 | 39 | 46 | 43 |

*ALPs targets used These are high as we use the upper of split grade targets e.g. if ALPs are B/C we use B

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 financial outcome for the year ended 31st August 2020 is summarised below. The unforeseen challenges of Covid-19 have created several challenges since March 2020 and there have been significantly adverse effects on the budget for 2019/2020.

| | To 31 st August 2020 £,000's | To 31 st August 2019 £,000's |
|---|---|---|
| Operating Surplus before LGPS service costs | 52 | 270 |
| Surplus (Deficit) prior to actuarial losses on defined benefit pension scheme | (560) | (32) |
| Actuarial losses on defined benefit pension scheme | (848) | (504) |
| Net movement of funds | (1,408) | (536) |
| Restricted Funds | 49,229 | 50,655 |
| Unrestricted Income Funds | 517 | 499 |

The Trust achieved an operating surplus before depreciation of £52,000 during this financial year compared with £270,000 in the previous year. The primary reasons for the reduction in surplus are the trading losses that were incurred following the Covid-19 outbreak lock down. The surplus translates into a negative movement of funds before Actuarial losses amounting to £560,000, as a result of depreciation of £572,000 and the movements between restricted and non-restricted fixed asset funds of £134,000.

Actuarial Losses on the Local Government Defined Benefit Pension Schemes amounted to £848,000, and these together with the service costs of the scheme amounting to £357,000, bring the Net Accounting Deficit on the Statement of Financial Activities to £1,408,000 for the year. These Actuarial Losses and service costs are a non-cash item which must be accounted for, although the liability is guaranteed by Parliament.

The Trustees monitor the operating surplus and deficit on a regular basis and believe it is a fair and appropriate measure of the Trust's financial performance. The Trustees also pay close attention to cash and working capital. Net current assets increased marginally to £1,014,000 during the year.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Principal Source of Funding

The Trust received its main funding via the GAG the majority of which is student led. The trust also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, "Accounting for Reporting by Charities" (SORP 2019), such 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 the assets concerned.

The increased GAG and post 16 funding over the next 3 years will significantly help to build the fund balances up within the trust schools which have been depleted over the past years. The ever-increasing costs of the PFI contract, which are fixed and account for 23% of the annual expenditure for Beechwood School continue to remain a significant challenge.

At Herschel Grammar School we have been successful over the past two years with our CIF funding applications which have made a significant impact to the school in that we now have a water tight roof on the main school building and we have replaced our 60-year-old oil-fired boiler with a new more efficient gas boiler. The financial benefits of reduced heating costs are significant and will benefit the school in the future years to come. Given the high project costs of these two CIF projects the school had to make a significant financial contribution out of its revenue balances which has impacted the school's carry forward revenue balances.

A finance procedure document determines the way the Trust operates finances from day to day and this is informed by the Academy Financial Handbook issued by the ESFA.

Pension liabilities

The Local Government Pensions Scheme (administered by The Royal County of Berkshire Pension Fund) shows as a significant liability on the balance sheet of £4,738,000. This liability is covered by the net assets excluding pension liability of the Trust which amount £54,484,000 bringing the net asset position to £49,746,000. The liability is shown on the balance sheet but is covered by a Government guarantee as detailed in the notes to the accounts number 20.

Reserves Policy

Reserves are monitored Via the Trust's Audit, Finance & Risk Committee. They are used to improve the school's buildings stock and where possible to increase accommodation. However, a prudent policy for the use of reserves is followed in view of uncertainty about future funding and in particular the introduction of a national funding formula. The trust relies heavily on the DfE Minimum Funding Guarantee (MFG) and projected budgets over a 5-year period show a need to hold reserves to allow the trust to down manage expenditure efficiently over a period of time as funding becomes tighter and staffing costs increase through pay rises, increased NIER costs and increased pension contributions together with inflationary pressures.

Total funds of £49,746,000 are held as of 31 August 2020. There are £49,229,000 restricted funds held (including £420,000 revenue funds) and £517,000 unrestricted (revenue) funds, which include designated funds of £95,000 at year end (£90,000 at prior year end). These designated funds are held for the replacement of the Astro turf.

The Trust has a medium- term aim of building back available revenue funds to a level that covers 1 month's running [including staff] costs. This amounts to £1,040,000 versus current revenue funds of £937,000. As mentioned above the impact of Covid-19 on Herschel Grammar has been significant in terms of lost transport, catering and lettings revenue. This has impacted their revenue funding. See Note 20 in the notes to the financial statements section below.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Investment policy

Trust Funds, surplus to day-to-day requirements, are invested with Lloyds Bank Plc. There are no social, environmental, or ethical considerations necessary to consider.

The security of any investment is paramount and will only be made once the Board of Trustees are satisfied that it does not pose a risk to the Trust and that they will be made only with institutions approved by the Board of Trustees in the context of advice from a qualified accountant. Formal approval must be obtained from the Board of Trustees to proceed with any investment.

Principal risks and uncertainties

Trustees are provided with budget forecasts over a 5-year period. These indicate possible financial pressure in the future and are based on the funding formula being static but expenditure rising through inflation, staff pay rises, an increase in national insurance contributions and further increases in pension contributions. In addition there is still uncertainty around the introduction of a national funding formula and a reliance on the MFG. Up to now the Trust has always been able to balance expenditure against income on a yearly basis without recourse to carry forward balances. This has meant that the Trust is currently in a healthy financial position as far as carry forward balances are concerned, and these are being held in reserve for future building costs and to cushion any future budget pressures. However, it is recognised that savings in budget areas will need to be achieved in the future and this aspect of finance receives particular attention by the Board of the Trust as we go forward into 2021 and beyond. There is also an increasing deficit on the LGPS and this is reflected in our Balance Sheet. This position is kept under review.

A risk register is maintained with all the significant risks identified and this is reviewed annually.

Fundraising

The Trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the trustees. There have been no fundraising complaints

Plans for Future Periods - Our long term Aims

It is planned that the trust will expand over a period of time to around 5/6 schools, but this will be phased so that the current core of the Trust, Beechwood and Herschel Schools, are not placed in jeopardy. As we grow consideration will be given to a change in structure from the current collaborative model with two Headteachers to a Chief Executive post running the Trust. At that stage further consideration will be given to achieving economies of scale. Despite the impact Covid-19 will have had on our community providing excellent education will continue to be our top priority and resources have been set aside in the coming budget to support our students in achieving their potential.

Funds Held as Custodian Trustee on Behalf of Others

The trust does not hold any funds as a custodian for others.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

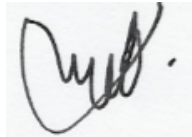
Auditor

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware.
- 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 auditors are aware of that information.

Landau Baker Limited were reappointed by Members as auditors at their meeting on 1.9.2019

The Trustees' Report was approved by order of the Board of Trustees, as the company directors, on 18 January 2021 and signed on its behalf by:



Jonathan Reekie
Chair of the Board of Trustees

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

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

As Trustees we have reviewed and taken account of the guidance in the Department for Education's governance handbook and competency framework for governance

The Board of Trustees has delegated the day-to-day responsibility to the two Headteachers, and the 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 Schelwood Trust and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 3 times during the year.

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

| Trustee | Meetings Attended | Out of a Possible |
|---------------------------------|--------------------------|--------------------------|
| Jonathan Reekie (Chair) | 3 | 3 |
| Wendy Barnett | 3 | 3 |
| Kathleen Higgins | 3 | 3 |
| Krishna Iyer * | 1 | 3 |
| Robert Robertson | 3 | 3 |
| Joanne Rockall | 3 | 3 |
| Jamie Rockman (appt 20.09.2019) | 3 | 3 |
| Paul Rowley | 3 | 3 |
| Salima Shariff | 3 | 3 |

*On Sabbatical due to pressure of work obligations

The changes to the board of Trustees during the year 2019/20 are shown on page 1. A competency audit was conducted during the year.

The Finance, Audit and Risk (FAR) Committee is a sub-committee of the main Board of Trustees. Its purpose is to agree the budget for the 2 schools making up the trust for the financial year and to recommend formal acceptance by the Board of Trustees. It also monitors the budgets for the 2 schools during the year. Extensive budget projections and monitoring information is provided by our CFO, who has a degree in Accounting.

Trustees are cognisant that it is fundamental to the fulfilment of the Trust's aims that it has as clear a view as possible of the Trust's financial position looking forward. This enables it to ensure the optimal use of the resources available to further the Trusts objectives.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Experience shows that projections are accurate and the Trustees have confidence in the quality of information provided for them to make effective decisions. A 5-year projected budget is also produced, this ensures that there is effective financial planning going forward. The committee met 5 times during the year.

| FAR Members | Meetings Attended | Out of a Possible |
|---|-------------------|-------------------|
| Paul Rowley (Chair from 02.03.2020) | 3 | 3 |
| Wendy Barnett | 5 | 5 |
| Kathleen Higgins | 5 | 5 |
| Krishna Iyer * (Chair until 02.03.2020) | 1 | 3 |
| Jonathan Reekie | 5 | 5 |
| Robert Robertson | 5 | 5 |
| Joanne Rockall | 5 | 5 |

*On Sabbatical due to pressure of work obligations

Review of Value for Money

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

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

| Better Purchasing |
|--|
| <ul style="list-style-type: none"> • Undertaking a general review of contracts • Implementing the Financial procedures approved by Trustees to ensure that an appropriate number of quotations/tenders are received before contracts are let and purchases made • Undertaking competitive tendering where appropriate • Generally ensuring that 'best price' applies to all purchases • Close monitoring of the catering. The catering supplies contract was re-negotiated with more schools having joined the group resulting in better prices • The use of specialist companies to tender for utility supplies • Working with other schools in pooling supplies and negotiating contracts to secure better value for money • Continuing to press the Local Authority, the DfE and the ESFA to address the affordability of the PFI contract at Beechwood School. |

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of Value for Money (continued)

Income Generation

- Herschel recruited a lettings company to organise and run lettings for the school, generating an additional source of revenue. Unfortunately, due to Covid-19 restrictions this company is in cash flow difficulties and the search continues for another lettings company to take over
- Continuing to explore sourcing other avenues of financing projects within the Trust
- Continuing the practice of outsourcing each school's various services and generating a revenue stream
- Secured ESFA CIF funding for a new modern L1 fire alarm system (HGS)

Reviewing controls and Managing Risk

- Ensuring proper internal controls are in place to protect the trust's assets.
- Providing regular budget reports to budget holders and the Trust Board and the Trust FAR committee.
- Ensuring spending across the board is within the set budgets.
- Ensuring the Trust regularly reviews its risks.
- Ensured the Internal Scrutiny reports were completed for the year despite the Covid-19 restrictions on the schools.
- Ensuring new staff are appointed by the Trust and their services used across the Trust as required.

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THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

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 Schelwood Trust for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

An independent Responsible Officer (Internal Scrutiny) oversees financial procedures and ensures that they are followed in practice. Both these reports and the interim audit report reveal that any issues have been resolved.

Capacity to Handle Risk

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

The Risk and Control Framework

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

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

The Board of Trustees has considered the need for a specific external audit of procedures and an independent person was appointed in accordance with the latest Academy Finance Manual. The Board of Trustees has not established a separate Audit Committee as the turnover for the Trust does not exceed £50m and audit oversight is provided by the Finance Audit and Risk Committee.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a quarterly basis, the Responsible Officer reports to the Board of Trustees, through the Finance Audit and Risk Committee, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. Reports during the year have found no requirements for action.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The Risk and Control Framework (continued)

Additional Financial Reporting and Disclosure Requirements – Covid-19 Impact

Following lock-down, which was imposed on schools towards the end of March, both schools adapted well to offering remote learning with no negative impact on back office functions and the provision of quality education was maintained. Both schools remained open throughout the lockdown period for children of keyworkers and vulnerable children.

During lock-down all reasonable measures were put in place to ensure the schools were able to offer classes on-site to Y10 and Y12 students at the end of June. Furthermore, additional measures were taken over the summer holiday following government guidance and ahead of the September full re-opening. Relevant Covid-19 Risk Assessments were prepared and consulted on with staff, trustees and local governing boards.

The financial implications to the Trust have been significant in lost revenues of just under £300k in the areas of lettings, catering and school organised transportation. Some of this lost revenue was offset with reduced costs, but an overall trading deficit for Herschel was recorded in our accounts. We have put an insurance claim through for lost revenue under the Statutory Closure extension of our combined policy for which we are still awaiting a decision. We are continuing to pursue the loss in revenue claim and will see what the outcome will be.

There are also significant additional expenditures which the schools have incurred to support our student's remote learning and preparing our sites for the September re-opening. Unfortunately, we were only able to claim a small amount under the Coronavirus exceptional costs incurred scheme. The impact on next year's budgets will also be significant due to additional resources that will need to be put in place to support students' learning, increased cleaning and sanitation costs and once more reduced income from the letting's revenue streams.

The positive is that technology has ensured that governance meetings continued throughout lock-down and trustees and governors were kept informed through weekly reports and updates from the Headteachers. Also, the regular trust and local governing board meetings continued digitally and financial reports were received on a regular basis.

We took advantage of the initial Coronavirus Job Retention scheme at Herschel and were able to furlough our in-house catering staff.

Review of Effectiveness

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

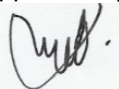
- the work of the Responsible Office (Internal Scrutiny)
- the work of the external auditors;
- the work of the Finance Director within the Academy Trust who has responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Audit and Risk Committee and no weaknesses have been identified by auditors and any found by the Responsible Officer have been actioned.

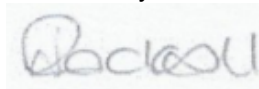
THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the Board of Trustees on 18 January 2021 and signed on their behalf by:



Jonathan Reekie
Chair of the Board of Trustees



Joanne Rockall
Accounting Officer

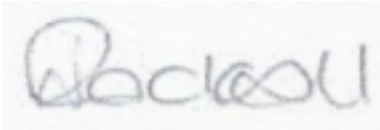
THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the trust, or material non-compliance with the terms and conditions of funding under the Trusts 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.



Joanne Rockall
Accounting Officer
Date: 18 January 2021

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

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

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

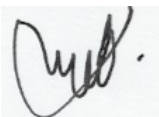
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

Approved by order of the members of the Board of Trustees on 18 January 2021 and signed on its behalf by:



Jonathan Reekie
Chair of the Board of Trustees

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the 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.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, 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.

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Carly Pinkus (Senior Statutory Auditor)



FOR LANDAU BAKER LIMITED

for and on behalf of

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

18 January 2021

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

In accordance with the terms of our engagement letter dated 6 January 2012 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 Schelwood Trust during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Schelwood Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Schelwood Trust's funding agreement with the Secretary of State for Education dated 1 February 2012 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

Conclusion

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

Landau Baker Limited

Reporting Accountant

Landau Baker Limited

Chartered Accountants
Statutory Auditors

Mountcliff House
154 Brent Street
London
NW4 2DR

Date: 18 January 2021

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

| | Unrestricted funds 2020 £000 | Restricted funds 2020 £000 | Restricted fixed asset funds 2020 £000 | Total funds 2020 £000 | <i>Total funds 2019 £000</i> |
|---|---------------------------------------|-------------------------------------|--|--------------------------------|--|
| Note | | | | | |
| Income from: | | | | | |
| Donations and capital grants | 3 | 19 | - | 317 | 661 |
| Charitable activities | | - | 10,989 | - | 10,489 |
| Other trading activities | | 269 | 315 | - | 968 |
| Investments | 6 | 1 | - | - | 1 |
| | | <u>289</u> | <u>11,304</u> | <u>317</u> | <u>12,119</u> |
| Expenditure on: | | | | | |
| Raising funds | | 26 | - | - | 84 |
| Charitable activities | 8 | 245 | 11,627 | 572 | 12,067 |
| | | <u>271</u> | <u>11,627</u> | <u>572</u> | <u>12,151</u> |
| Net income/(expenditure) | | <u>18</u> | <u>(323)</u> | <u>(255)</u> | <u>(32)</u> |
| Transfers between funds | 20 | - | (134) | 134 | - |
| Net movement in funds before other recognised gains/(losses) | | <u>18</u> | <u>(457)</u> | <u>(121)</u> | <u>(32)</u> |
| Other recognised gains/(losses): | | | | | |
| Actuarial losses on defined benefit pension schemes | 27 | - | (848) | - | (504) |
| | | <u>18</u> | <u>(1,305)</u> | <u>(121)</u> | <u>(536)</u> |
| Net movement in funds | | <u>18</u> | <u>(1,305)</u> | <u>(121)</u> | <u>(536)</u> |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | | 499 | (3,013) | 53,668 | 51,691 |
| Net movement in funds | | 18 | (1,305) | (121) | (536) |
| Total funds carried forward | | <u>517</u> | <u>(4,318)</u> | <u>53,547</u> | <u>51,155</u> |

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

The notes on pages 33 to 58 form part of these financial statements.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07899845

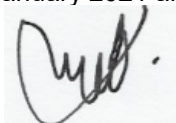
BALANCE SHEET
AS AT 31 AUGUST 2020

| | Note | 2020 £000 | 2019 £000 |
|--|------|----------------------|----------------------|
| Fixed assets | | | |
| Tangible assets | 15 | 53,470 | 53,695 |
| | | <u>53,470</u> | <u>53,695</u> |
| Current assets | | | |
| Stocks | 16 | 1 | 1 |
| Debtors | 17 | 317 | 453 |
| Cash at bank and in hand | | 1,102 | 1,310 |
| | | <u>1,420</u> | <u>1,764</u> |
| Creditors: amounts falling due within one year | 18 | (406) | (772) |
| Net current assets | | <u>1,014</u> | <u>992</u> |
| Total assets less current liabilities | | <u>54,484</u> | <u>54,687</u> |
| Net assets excluding pension liability | | <u>54,484</u> | <u>54,687</u> |
| Defined benefit pension scheme liability | 27 | (4,738) | (3,533) |
| Total net assets | | <u><u>49,746</u></u> | <u><u>51,154</u></u> |
| Funds of the academy trust | | | |
| Restricted funds: | | | |
| Fixed asset funds | 20 | 53,547 | 53,668 |
| Restricted income funds | 20 | 420 | 520 |
| | | <u>53,967</u> | <u>54,188</u> |
| Restricted funds excluding pension asset | 20 | 53,967 | 54,188 |
| Pension reserve | 20 | (4,738) | (3,533) |
| | | <u>49,229</u> | <u>50,655</u> |
| Total restricted funds | 20 | 49,229 | 50,655 |
| Unrestricted income funds | 20 | 517 | 499 |
| | | <u>49,746</u> | <u>51,154</u> |
| Total funds | | <u><u>49,746</u></u> | <u><u>51,154</u></u> |

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07899845

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2020

The financial statements on pages 29 to 58 were approved by the Trustees, and authorised for issue on 18 January 2021 and are signed on their behalf, by:



Jonathan Reekie
Chair of the Board of Trustees

The notes on pages 33 to 58 form part of these financial statements.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

| | Note | 2020 £000 | <i>2019</i> <i>£000</i> |
|---|-------------|----------------------------|----------------------------|
| Cash flows from operating activities | | | |
| Net cash (used in)/provided by operating activities | 22 | (179) | 384 |
| Cash flows from investing activities | 23 | (29) | <i>(90)</i> |
| Change in cash and cash equivalents in the year | | (208) | 294 |
| Cash and cash equivalents at the beginning of the year | | 1,310 | <i>1,016</i> |
| Cash and cash equivalents at the end of the year | 24, 25 | <u>1,102</u> | <u><i>1,310</i></u> |

The notes on pages 33 to 58 form part of these financial statements

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.3 Income (continued)

- **Other income**

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

1.4 Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Statement of Financial Activities over the expected useful lives of the assets concerned. Other grants are credited to the Statement of Financial Activities as the related expenditure is incurred.

1.6 Interest receivable

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

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.7 Tangible fixed assets

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

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

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

Depreciation is provided on the following bases:

| | |
|------------------------------|---|
| Freehold property | - Buildings - over the estimated lives of the components. Land is not depreciated |
| Long-term leasehold property | - 125 years |
| Furniture and equipment | - 5 years |
| Plant and machinery | - 5 years |

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.

1.8 Stocks

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

1.9 Debtors

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

1.10 Cash at bank and in hand

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

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.11 Liabilities

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

1.12 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 17. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.13 Pensions

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

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

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

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.13 Pensions (continued)

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

1.14 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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

3. Income from donations and capital grants

| | Unrestricted funds 2020 £000 | Restricted fixed asset funds 2020 £000 | Total funds 2020 £000 | <i>Total funds 2019 £000</i> |
|-------------------|---------------------------------------|--|--------------------------------|--|
| Donations | 19 | - | 19 | 99 |
| Capital grants | - | 317 | 317 | 562 |
| | <u>19</u> | <u>317</u> | <u>336</u> | <u>661</u> |
| <i>Total 2019</i> | <u>99</u> | <u>562</u> | <u>661</u> | |

4. Funding for the academy trust's educational activities

| | Restricted funds 2020 £000 | Total funds 2020 £000 | <i>Total funds 2019 £000</i> |
|--|-------------------------------------|--------------------------------|--|
| DfE/ESFA grants | | | |
| General Annual Grant | 10,017 | 10,017 | 9,949 |
| Other DfE/ESFA grants | 829 | 829 | 426 |
| | <u>10,846</u> | <u>10,846</u> | <u>10,375</u> |
| Other government grants | | | |
| Local authority grants | 122 | 122 | 114 |
| | <u>122</u> | <u>122</u> | <u>114</u> |
| Exceptional government funding | | | |
| Coronavirus Job Retention Scheme Grant | 21 | 21 | - |
| | <u>10,989</u> | <u>10,989</u> | <u>10,489</u> |

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

The academy furloughed some of its catering staff under the government's CJRS. The funding received of £21k relates to staff costs in respect of 6 staff which are included within note 9 as appropriate.

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

5. Income from other trading activities

| | Unrestricted funds 2020 £000 | Restricted funds 2020 £000 | Total funds 2020 £000 | <i>Total funds 2019 £000</i> |
|-------------------|---|---|--|--|
| Catering income | - | 174 | 174 | 272 |
| Transport income | 250 | - | 250 | 349 |
| Lettings income | 19 | 21 | 40 | 52 |
| Other income | - | 120 | 120 | 295 |
| | <u>269</u> | <u>315</u> | <u>584</u> | <u>968</u> |
| <i>Total 2019</i> | <u>367</u> | <u>601</u> | <u>968</u> | |

6. Investment income

| | Total funds 2020 £000 | <i>Total funds 2019 £000</i> |
|---------------|--|--|
| Bank interest | <u>1</u> | <u>1</u> |

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

7. Expenditure

| | Staff Costs | Premises | Other | Total | <i>Total</i> |
|--|---------------------|---------------------|---------------------|----------------------|---------------|
| | 2020 | 2020 | 2020 | 2020 | <i>2019</i> |
| | £000 | £000 | £000 | £000 | <i>£000</i> |
| Expenditure on raising voluntary income: | | | | | |
| Direct costs | - | - | 26 | 26 | 84 |
| Educational activities: | | | | | |
| Direct costs | 7,428 | - | 769 | 8,197 | 7,830 |
| Allocated support costs | 1,370 | 2,117 | 760 | 4,247 | 4,237 |
| | <u>8,798</u> | <u>2,117</u> | <u>1,555</u> | <u>12,470</u> | <u>12,151</u> |
| <i>Total 2019</i> | <u><u>8,335</u></u> | <u><u>2,041</u></u> | <u><u>1,775</u></u> | <u><u>12,151</u></u> | |

8. Analysis of expenditure on charitable activities

Summary by fund type

| | Unrestricted funds | Restricted funds | Total funds | <i>Total funds</i> |
|------------------------|---------------------------|-------------------------|----------------------|--------------------|
| | 2020 | 2020 | 2020 | <i>2019</i> |
| | £000 | £000 | £000 | <i>£000</i> |
| Educational activities | 245 | 12,199 | 12,444 | 12,067 |
| | <u>273</u> | <u>11,794</u> | <u>12,067</u> | |
| <i>Total 2019</i> | <u><u>273</u></u> | <u><u>11,794</u></u> | <u><u>12,067</u></u> | |

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

9. Analysis of expenditure by activities

| | Activities undertaken directly 2020 £000 | Support costs 2020 £000 | Total funds 2020 £000 | <i>Total funds 2019 £000</i> |
|------------------------|---|--|--|--|
| Educational activities | 8,197 | 4,247 | 12,444 | 12,067 |
| <i>Total 2019</i> | <u>7,830</u> | <u>4,237</u> | <u>12,067</u> | |

Analysis of direct costs

| | Educational activities 2020 £000 | Total funds 2020 £000 | <i>Total funds 2019 £000</i> |
|-------------------------|---|--|--|
| Staff costs | 7,188 | 7,188 | 6,700 |
| Educational supplies | 295 | 295 | 298 |
| Examination fees | 168 | 168 | 177 |
| Staff development | 28 | 28 | 38 |
| Supply teaching costs | 240 | 240 | 256 |
| Recruitment and support | 67 | 67 | 61 |
| Technology costs | 211 | 211 | 300 |
| | <u>8,197</u> | <u>8,197</u> | <u>7,830</u> |

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

9. Analysis of expenditure by activities (continued)

Analysis of support costs

| | Educational activities 2020 £000 | Total funds 2020 £000 | <i>Total funds 2019 £000</i> |
|---------------------------------------|---|--|--|
| Pension finance cost | 63 | 63 | 67 |
| Staff costs | 1,370 | 1,370 | 1,379 |
| Depreciation | 572 | 572 | 488 |
| Bad debt expense | 32 | 32 | - |
| Maintenance of premises and equipment | 163 | 163 | 134 |
| Cleaning | 130 | 130 | 118 |
| Rent and rates | 81 | 81 | 81 |
| Insurance | 38 | 38 | 38 |
| Security and transport | 242 | 242 | 271 |
| Catering | 169 | 169 | 208 |
| Other support costs | 153 | 153 | 164 |
| Energy | 243 | 243 | 322 |
| PFI Unitary and management charges | 946 | 946 | 930 |
| Governance costs | 45 | 45 | 37 |
| | <u>4,247</u> | <u>4,247</u> | <u>4,237</u> |

10. Net income/(expenditure)

Net income/(expenditure) for the year includes:

| | 2020 £000 | <i>2019 £000</i> |
|---------------------------------------|----------------------|----------------------|
| Operating lease rentals | 6 | 64 |
| Depreciation of tangible fixed assets | 572 | 488 |
| Fees paid to auditors for: | | |
| - audit | 12 | 10 |
| - other services | 2 | 2 |
| | <u>600</u> | <u>664</u> |

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

11. Staff

a. Staff costs

Staff costs during the year were as follows:

| | 2020 | <i>2019</i> |
|-----------------------|--------------|--------------|
| | £000 | <i>£000</i> |
| Wages and salaries | 6,303 | <i>6,147</i> |
| Social security costs | 662 | <i>645</i> |
| Pension costs | 1,593 | <i>1,287</i> |
| | 8,558 | <i>8,079</i> |
| Supply teaching costs | 240 | <i>256</i> |
| | 8,798 | <i>8,335</i> |

b. Staff numbers

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

| | 2020 | <i>2019</i> |
|----------------------------|-------------|-------------|
| | No. | <i>No.</i> |
| Teachers | 108 | <i>105</i> |
| Administration and support | 64 | <i>61</i> |
| Management | 13 | <i>12</i> |
| | 185 | <i>178</i> |

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

11. Staff (continued)

c. Higher paid staff

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

| | 2020 | <i>2019</i> |
|---------------------------------|-------------|-------------|
| | No. | <i>No.</i> |
| In the band £60,001 - £70,000 | 5 | <i>3</i> |
| In the band £70,001 - £80,000 | 4 | <i>3</i> |
| In the band £110,001 - £120,000 | - | <i>1</i> |
| In the band £120,001 - £130,000 | 2 | <i>1</i> |

d. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £1,218,163 (*2019 £1,047,612*).

12. Central services

No central services were provided by the academy trust to its academies during the year and no central charges arose.

13. Related Party Transactions- Trustees' remuneration and expenses

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

| | | 2020 | <i>2019</i> |
|------------------|----------------------------|------------------|------------------|
| | | £000 | <i>£000</i> |
| Ms J Rockall | Remuneration | 125 - 130 | <i>125 - 130</i> |
| | Pension contributions paid | 30 - 35 | <i>20 - 25</i> |
| Miss K M Higgins | Remuneration | 125 - 130 | <i>115 - 120</i> |
| | Pension contributions paid | 25 - 30 | <i>20 - 25</i> |

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

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

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

14. Trustees' and Officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,800,000 on any one claim and the cost for the year ended 31 August 2020 was £1,225 (2019 - £1,225). The cost of this insurance is included in the total insurance cost.

15. Tangible fixed assets

| | Freehold property £000 | Long-term leasehold property £000 | Assets under construction £000 | Furniture and equipment £000 | Plant and machinery £000 | Total £000 |
|---------------------------|------------------------------|--|---|---------------------------------------|--------------------------------|----------------------|
| Cost or valuation | | | | | | |
| At 1 September 2019 | 29,402 | 25,839 | 601 | 12 | 246 | 56,100 |
| Additions | - | - | 269 | - | 78 | 347 |
| Transfers between classes | 747 | - | (747) | - | - | - |
| At 31 August 2020 | <u>30,149</u> | <u>25,839</u> | <u>123</u> | <u>12</u> | <u>324</u> | <u>56,447</u> |
| Depreciation | | | | | | |
| At 1 September 2019 | 1,600 | 603 | - | 12 | 190 | 2,405 |
| Charge for the year | 308 | 207 | - | - | 57 | 572 |
| At 31 August 2020 | <u>1,908</u> | <u>810</u> | <u>-</u> | <u>12</u> | <u>247</u> | <u>2,977</u> |
| Net book value | | | | | | |
| At 31 August 2020 | <u><u>28,241</u></u> | <u><u>25,029</u></u> | <u><u>123</u></u> | <u><u>-</u></u> | <u><u>77</u></u> | <u><u>53,470</u></u> |
| At 31 August 2019 | <u><u>27,802</u></u> | <u><u>25,236</u></u> | <u><u>601</u></u> | <u><u>-</u></u> | <u><u>56</u></u> | <u><u>53,695</u></u> |

Freehold property includes land at a value of £5,000,000 which is not depreciated.

The academy trust, on the conversion and inclusion of Beechwood School, was gifted the leasehold title to the property on which that school operates. This was professionally valued at the date of conversion at £25,838,540 and is depreciated over the life of the lease. The academy trust is committed to a PFI agreement to provide the buildings and services on this site until 31 August 2035.

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

16. Stocks

| | 2020 | <i>2019</i> |
|-------------------|-----------------|-----------------|
| | £000 | <i>£000</i> |
| Catering supplies | 1 | <i>1</i> |
| | <u>1</u> | <u><i>1</i></u> |

17. Debtors

| | 2020 | <i>2019</i> |
|--------------------------------|-------------------|-------------------|
| | £000 | <i>£000</i> |
| Due within one year | | |
| Trade debtors | 47 | <i>68</i> |
| Other debtors | 211 | <i>204</i> |
| Prepayments and accrued income | 59 | <i>181</i> |
| | <u>317</u> | <u><i>453</i></u> |

18. Creditors: Amounts falling due within one year

| | 2020 | <i>2019</i> |
|------------------------------------|-------------------|-------------------|
| | £000 | <i>£000</i> |
| Trade creditors | 4 | <i>467</i> |
| Other taxation and social security | 161 | <i>159</i> |
| Accruals and deferred income | 241 | <i>146</i> |
| | <u>406</u> | <u><i>772</i></u> |

| | 2020 | <i>2019</i> |
|--|-------------------|-------------------|
| | £000 | <i>£000</i> |
| Deferred income at 1 September 2019 | 108 | <i>110</i> |
| Resources deferred during the year | 137 | <i>108</i> |
| Amounts released from previous periods | (108) | <i>(110)</i> |
| | <u>137</u> | <u><i>108</i></u> |

At the balance sheet date the academy trust was holding funds received in advance for the year 2020/2021.

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Financial instruments

| | 2020 | <i>2019</i> |
|--|--------------|--------------|
| | £000 | <i>£000</i> |
| Financial assets | | |
| Financial assets measured at fair value through income and expenditure | 1,102 | <i>1,309</i> |

Financial assets measured at fair value through income and expenditure comprise bank and cash balances.

20. Statement of funds

| | Balance at 1 September 2019 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 August 2020 £000 |
|---------------------------------------|---|----------------|---------------------|-----------------------------|----------------------------|---|
| Unrestricted funds | | | | | | |
| Designated funds | | | | | | |
| Sinking Fund - Astroturf | 90 | - | - | 5 | - | 95 |
| General funds | | | | | | |
| General Funds - all funds | 409 | 288 | (270) | (5) | - | 422 |
| Total Unrestricted funds | 499 | 288 | (270) | - | - | 517 |
| Restricted general funds | | | | | | |
| GAG | 520 | 10,017 | (9,983) | (134) | - | 420 |
| Pupil premium | - | 295 | (295) | - | - | - |
| Other ESFA funding | - | 534 | (534) | - | - | - |
| LA and other government funding | - | 143 | (143) | - | - | - |
| General | - | 315 | (315) | - | - | - |
| Pension reserve | (3,533) | - | (357) | - | (848) | (4,738) |
| | (3,013) | 11,304 | (11,627) | (134) | (848) | (4,318) |

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

20. Statement of funds (continued)

| | Balance at 1 September 2019 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 August 2020 £000 |
|--|---|----------------|---------------------|-----------------------------|----------------------------|---|
| Restricted fixed asset funds | | | | | | |
| Restricted Fixed Asset funds - all funds | 53,668 | 317 | (572) | 134 | - | 53,547 |
| Total Restricted funds | 50,655 | 11,621 | (12,199) | - | (848) | 49,229 |
| Total funds | 51,154 | 11,909 | (12,469) | - | (848) | 49,746 |

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

All funds originated from assets gifted by the predecessor school. In addition:

Restricted fixed asset funds have been increased by capital grants provided by the DfE and reduced by depreciation charges.

Restricted general funds have been increased by revenue grants provided by the DfE and reduced by expenditure incurred in the operation of the academy.

The restricted funds can only be used in terms of limitations imposed the the Funding Agreement with the DfE and the terms of any specific grant.

Unrestricted funds have been increased by voluntary contributions by parents and reduced by expenditure incurred in the operation of the academy.

Designated funds are held for replacement of the Astroturf.

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

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

20. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

| | 2020 £000 | <i>2019</i> <i>£000</i> |
|--|----------------------------|----------------------------|
| Herschel Grammar School | 3 | 255 |
| Beechwood School | 934 | 764 |
| | <hr/> | <hr/> |
| Total before fixed asset funds and pension reserve | 937 | 1,019 |
| Restricted fixed asset fund | 53,547 | 53,668 |
| Pension reserve | (4,738) | (3,533) |
| | <hr/> | <hr/> |
| Total | 49,746 | <i>51,154</i> |
| | <hr/> <hr/> | <hr/> <hr/> |

Total cost analysis by academy

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

| | Teaching and educational support staff costs £000 | Other support staff costs £000 | Educational supplies £000 | Other costs excluding depreciation £000 | Total 2020 £000 | <i>Total</i> <i>2019</i> <i>£000</i> |
|--------------------------------|--|---|--|--|--|--|
| Herschel Grammar School | 3,818 | 675 | 248 | 1,061 | 5,802 | 5,686 |
| Beechwood School | 3,610 | 399 | 243 | 1,485 | 5,737 | 5,611 |
| Local Government Pension costs | - | 296 | - | 63 | 359 | 376 |
| Consolidation adjustment | - | - | - | - | - | (10) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Academy trust | 7,428 | 1,370 | 491 | 2,609 | 11,898 | <i>11,663</i> |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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

20. Statement of funds (continued)

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

| | <i>Balance at 1 September 2018 £000</i> | <i>Income £000</i> | <i>Expenditure £000</i> | <i>Transfers in/out £000</i> | <i>Gains/ (Losses) £000</i> | <i>Balance at 31 August 2019 £000</i> |
|--|---|------------------------|-----------------------------|--------------------------------------|-------------------------------------|---|
| Unrestricted funds | | | | | | |
| Designated funds | | | | | | |
| Sinking Fund - Astroturf | 80 | - | - | 10 | - | 90 |
| General funds | | | | | | |
| General Funds - all funds | 309 | 467 | (357) | (10) | - | 409 |
| Total Unrestricted funds | 389 | 467 | (357) | - | - | 499 |
| Restricted general funds | | | | | | |
| GAG | 427 | 9,949 | (9,910) | 54 | - | 520 |
| Pupil premium | - | 302 | (302) | - | - | - |
| Other ESFA funding | - | 124 | (124) | - | - | - |
| LA and other government funding | - | 114 | (114) | - | - | - |
| General | - | 481 | (481) | - | - | - |
| Pension reserve | (2,653) | - | (376) | - | (504) | (3,533) |
| | (2,226) | 10,970 | (11,307) | 54 | (504) | (3,013) |
| Restricted fixed asset funds | | | | | | |
| Restricted Fixed Asset Funds - all funds | 53,528 | 682 | (488) | (54) | - | 53,668 |

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

20. Statement of funds (continued)

| | <i>Balance at 1 September 2018 £000</i> | <i>Income £000</i> | <i>Expenditure £000</i> | <i>Transfers in/out £000</i> | <i>Gains/ (Losses) £000</i> | <i>Balance at 31 August 2019 £000</i> |
|-------------------------------|---|------------------------|-----------------------------|--------------------------------------|-------------------------------------|---|
| Total Restricted funds | 51,302 | 11,652 | (11,795) | - | (504) | 50,655 |
| Total funds | 51,691 | 12,119 | (12,152) | - | (504) | 51,154 |

21. Analysis of net assets between funds

Analysis of net assets between funds - current period

| | Unrestricted funds 2020 £000 | Restricted funds 2020 £000 | Restricted fixed asset funds 2020 £000 | Total funds 2020 £000 |
|--|---|---|---|--|
| Tangible fixed assets | - | - | 53,470 | 53,470 |
| Current assets | 517 | 826 | 77 | 1,420 |
| Creditors due within one year | - | (406) | - | (406) |
| Provisions for liabilities and charges | - | (4,738) | - | (4,738) |
| Total | 517 | (4,318) | 53,547 | 49,746 |

Analysis of net assets between funds - prior period

| | <i>Unrestricted funds 2019 £000</i> | <i>Restricted funds 2019 £000</i> | <i>Restricted fixed asset funds 2019 £000</i> | <i>Total funds 2019 £000</i> |
|--|---|---|---|--|
| Tangible fixed assets | - | - | 53,695 | 53,695 |
| Current assets | 499 | 1,024 | 241 | 1,764 |
| Creditors due within one year | - | (504) | (268) | (772) |
| Provisions for liabilities and charges | - | (3,533) | - | (3,533) |
| Total | 499 | (3,013) | 53,668 | 51,154 |

THE SCHELWOOD TRUST
(A Company Limited by Guarantee)

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

22. Reconciliation of net expenditure to net cash flow from operating activities

| | 2020 | <i>2019</i> |
|---|--------------|--------------|
| | £000 | <i>£000</i> |
| Net expenditure for the period (as per Statement of Financial Activities) | (560) | <i>(32)</i> |
| Adjustments for: | | |
| Depreciation | 572 | <i>488</i> |
| Capital grants from DfE and other capital income | (317) | <i>(562)</i> |
| Interest receivable | (1) | <i>(1)</i> |
| Defined benefit pension scheme cost less contributions payable | 291 | <i>305</i> |
| Defined benefit pension scheme finance cost | 63 | <i>67</i> |
| Decrease/(increase) in debtors | 136 | <i>(185)</i> |
| (Decrease)/increase in creditors | (366) | <i>302</i> |
| Defined benefit pension scheme administration expenses | 3 | <i>2</i> |
| Net cash (used in)/provided by operating activities | (179) | <i>384</i> |

23. Cash flows from investing activities

| | 2020 | <i>2019</i> |
|--|--------------|--------------|
| | £000 | <i>£000</i> |
| Dividends, interest and rents from investments | 1 | <i>1</i> |
| Purchase of tangible fixed assets | (347) | <i>(653)</i> |
| Capital grants from DfE Group | 317 | <i>562</i> |
| Net cash used in investing activities | (29) | <i>(90)</i> |

24. Analysis of cash and cash equivalents

| | 2020 | <i>2019</i> |
|--|--------------|--------------|
| | £000 | <i>£000</i> |
| Cash in hand | 1,102 | <i>1,310</i> |
| Total cash and cash equivalents | 1,102 | <i>1,310</i> |

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

25. Analysis of changes in net debt

| | At 1 September 2019 £000 | Cash flows £000 | At 31 August 2020 £000 |
|--------------------------|-----------------------------------|--------------------|------------------------------|
| Cash at bank and in hand | 1,309 | (207) | 1,102 |
| | 1,309 | (207) | 1,102 |

26. Capital commitments

| | 2020 £000 | 2019 £000 |
|--|--------------|--------------|
| Contracted for but not provided in these financial statements | | |
| Acquisition of tangible fixed assets | - | 107 |
| | - | 107 |

27. Pension commitments

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Royal County of Berkshire Pension Fund. 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 August 2020.

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

Teachers' Pension Scheme

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

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

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

27. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £1,131,378 (2019 - £811,602).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £319,000 (2019 - £304,000), of which employer's contributions totalled £240,000 (2019 - £227,000) and employees' contributions totalled £ 79,000 (2019 - £77,000). The agreed contribution rates for future years are 20.6 per cent for employers and between 5.5 and 12.5 per cent for employees.

As described in note 1.13 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

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

27. Pension commitments (continued)

Principal actuarial assumptions

Royal County of Berkshire Pension Fund

| | 2020 | <i>2019</i> |
|--|-------------|-------------|
| | % | % |
| Rate of increase in salaries | 3.30 | <i>3.70</i> |
| Rate of increase for pensions in payment/inflation | 2.30 | <i>2.20</i> |
| Discount rate for scheme liabilities | 1.60 | <i>1.85</i> |

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

| | 2020 | <i>2019</i> |
|-----------------------------|-------------|-------------|
| | Years | Years |
| <i>Retiring today</i> | | |
| Males | 21.5 | <i>22.1</i> |
| Females | 24.1 | <i>24.0</i> |
| <i>Retiring in 20 years</i> | | |
| Males | 22.9 | <i>23.7</i> |
| Females | 25.5 | <i>25.8</i> |

Sensitivity analysis

Royal County of Berkshire Pension Fund

| | 2020 | <i>2019</i> |
|--|-------------|-------------|
| | £000 | £000 |
| Discount rate +0.1% | 173 | <i>135</i> |
| Discount rate -0.1% | 177 | <i>138</i> |
| Mortality assumption - 1 year increase | 295 | <i>224</i> |
| Mortality assumption - 1 year decrease | 284 | <i>217</i> |
| CPI rate +0.1% | 118 | <i>118</i> |
| CPI rate -0.1% | 150 | <i>116</i> |

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

27. Pension commitments (continued)

Share of scheme assets

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

| | 2020 | <i>2019</i> |
|-------------------------------------|--------------|--------------|
| | £000 | <i>£000</i> |
| Equities | 1,789 | <i>1,545</i> |
| Corporate bonds | 401 | <i>403</i> |
| Property | 435 | <i>350</i> |
| Cash and other liquid assets | 290 | <i>218</i> |
| Target Return Portfolio | 94 | <i>133</i> |
| Commodities | 11 | <i>17</i> |
| Infrastructure | 224 | <i>271</i> |
| Longevity Insurance | (181) | <i>(161)</i> |
| Total market value of assets | 3,063 | <i>2,776</i> |

The actual return on scheme assets was £70,000 (2019 - £89,000).

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

| | 2020 | <i>2019</i> |
|---|--------------|--------------|
| | £000 | <i>£000</i> |
| Current service cost | (531) | <i>(462)</i> |
| Past service cost | - | <i>(72)</i> |
| Interest income | 54 | <i>66</i> |
| Interest cost | (117) | <i>(133)</i> |
| Administrative expenses | (3) | <i>(2)</i> |
| Total amount recognised in the Statement of Financial Activities | (597) | <i>(603)</i> |

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

27. Pension commitments (continued)

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

| | 2020 | <i>2019</i> |
|------------------------|--------------|--------------|
| | £000 | <i>£000</i> |
| At 1 September | 6,309 | <i>4,982</i> |
| Current service cost | 531 | <i>462</i> |
| Interest cost | 117 | <i>133</i> |
| Employee contributions | 79 | <i>77</i> |
| Actuarial losses | 776 | <i>593</i> |
| Benefits paid | (11) | <i>(10)</i> |
| Past service costs | - | <i>72</i> |
| At 31 August | 7,801 | <i>6,309</i> |

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

| | 2020 | <i>2019</i> |
|--------------------------|--------------|--------------|
| | £000 | <i>£000</i> |
| At 1 September | 2,776 | <i>2,329</i> |
| Interest income | 54 | <i>66</i> |
| Actuarial (losses)/gains | (72) | <i>89</i> |
| Employer contributions | 240 | <i>227</i> |
| Employee contributions | 79 | <i>77</i> |
| Benefits paid | (11) | <i>(10)</i> |
| Administrative expenses | (3) | <i>(2)</i> |
| At 31 August | 3,063 | <i>2,776</i> |

The actuarial loss during the period was £848,000.

28. Other financial commitments

The academy trust is committed to a PFI agreement to provide the buildings and services on which one of the academies carries out its operations until 31 August 2035. The payment due within 1 year is £524,258 in respect of delegated funding (2019: £511,472). The amount due between 1 and 5 years is £2,824,566 (2019: £2,755,674), and the balance of £6,052,137 (2019: £6,645,287) is due after 5 years.

29. Members' liability

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

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

30. 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 in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Mrs W Barnett, Chair of Governors for Herschel Grammar School, contracted with both academies for the provision of gardening services for which £17,130 (2019: £18,712) was paid to her. The contract for this provision was entered into before Mrs Barnett became a governor, and before the predecessor schools converted to academy status.

31. Agency arrangements

The academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2020 the Trust received £37,339 (2019: £36,655) and disbursed £39,271 (2019: £39,036) from the fund. An amount of £NIL (2019: £1,932) is included in other creditors relating to undistributed funds that are repayable to the ESFA.