

Company Registration Number: 12111001 (England & Wales)

T4 Trust

(A company limited by guarantee)

Annual report and financial statements

For the year ended 31 August 2021

T4 Trust
(A company limited by guarantee)

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T4 Trust
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|--|--|
| Members | B Hayes J Zendel K Lancaster T Attwood W Casement |
| Trustees | S M Attwood T R Attwood, Chair S C Gough A F X Green J C Ilochi (resigned 30 April 2021) C D Weavers |
| Company registered number | 12111001 |
| Company name | T4 Trust |
| Principal and registered office | Manor House Slip Mill Road Hawkhurst Cranbrook Kent TN18 5AE |
| Chief executive officer | Claire Lillis (resigned 1 September 2021) Jesse White (appointed 2 September 2021) |
| Senior management team | C Lillis, CEO (resigned 1 September 2021) L Bowman, COO (resigned 5 July 2021) J Pierzchniak, Director of Safeguarding A Mulhern, Head Teacher, IMHS N White, Interim Principal, Wac Arts College J White, CEO (appointed 1 September 2021) R Barton, COO (appointed 6 July 2021) L Tharpe, Deputy Head |
| Independent auditors | Kreston Reeves LLP Statutory Auditor Chartered Accountants 37 St Margaret's Street Canterbury Kent CT1 2TU |
| Bankers | Lloyds Bank plc 25 Gresham Street London EC2V 7HN |

T4 Trust

(A company limited by guarantee)

Trustees' report

For the year ended 31 August 2021

The Trustees present their annual report together with the audited financial statements and Auditors' report of T4 Trust (the Academy Trust and Charitable Company) for the period 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Academy Trust operates one special school academy and one alternative provision free school in London.

Ian Mikardo High School (IMHS) is a special school for pupils aged 11-19 serving the locality of Tower Hamlets, London and neighbouring local authorities. It has a pupil capacity of 50 students with a funded pupil roll of 42 students in 2020/21. IMHS became a member of the T4 Trust on 1st September 2019.

The ArtsXchange (formerly Wac Arts College) is an alternative provision free school for pupils aged 14-19 serving the locality of Islington (formerly Camden), London and neighbouring local authorities. It has a pupil capacity of 105 students with a funded pupil roll of 101 students in 2020/21. The ArtsXchange became a member of the T4 Trust on 1st September 2019.

The Trust was incorporated in July 2019 and both academies transferred on 1st September 2019 to T4 Trust. Ian Mikardo High School transferred from Attwood Academies Trust (company number: 09148479) and The ArtsXchange transferred from The ArtsXchange Trust (company number: 07949464)

Structure, governance and management

a. Constitution

The Academy that is a charitable company limited by guarantee and an exempt charity.

The charitable company's memorandum and articles of association are its primary governing documents.

The Trustees of T4 Trust are also the directors of the charitable company for the purposes of company law. The terms trustee, director and governor are interchangeable.

The charitable company operates as T4 Trust.

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

b. 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.

c. Trustees' and officers' indemnities

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

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Trustees' report (continued)

For the year ended 31 August 2021

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

The Members/Trustees/Trustees/Governors are referred to as 'Trustees' and together form the 'Board'. There are different classes of board members as described below:

Members: 2 are appointed by the Members of the Academy Trust who established the Academy Trust Company, including themselves.

Trustees: 2 Trustees are appointed by the members

Co opted Trustees: 5 Co opted Trustees appointed by the Board.

All board members are appointed for a fixed term of four years.

e. Policies adopted for the induction and training of Trustees

New Trustees attend an induction program. The induction program includes a meeting with the CEO and the Chair of the Board, and provision of policy and procedures documents that are appropriate to the role they undertake as Trustees with particular emphasis on the committee work that they will undertake.

f. Organisational structure

The governance of the Academy Trust is defined in the Memorandum and Articles of Association together with the funding agreement with the Department of Education.

The Trust Board meets at least once per term and is responsible for the strategic direction of the Academy Trust and agreement of the performance objectives for the CEO of the Trust.

The Trust has two committees which comprise of the Finance Risk and Audit Committee (FRAC) which meets at least 4 times annually; and the Performance and Standards Committee which meets at least 3 times annually.

The CEO is the designated Accounting Officer and CEO of the Academy Trust and has overall responsibility for the day to day financial management of the Charitable Company. The CEO, where appropriate, has delegated financial management responsibilities to the CFO and responsibilities are further delegated to specific budget holders who are each responsible for managing their own departments within the constraints of their allocated budgets. A system of financial controls is in place to manage this process. The CEO also, where appropriate, has delegated safeguarding responsibilities for the Director of Operations (DoO) and the Executive Headteacher of both provisions. These four positions comprise the Executive Team who report to the T4 Board and its committees.

The Executive Headteacher manages the provisions within the Trust on a daily basis supported by a Head of College at The ArtsXchange and Senior Leadership Teams (SLT) at both provisions. The leadership and their SLT meet frequently to discuss emerging matters and develop strategies for future development. Each member of the SLT has specific responsibilities to assist the Executive Headteacher/Head of College to manage certain aspects of the academy with the Trust.

The members meet at least once each year to hold an Annual General Meeting.

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Trustees' report (continued)
For the year ended 31 August 2021

Structure, governance and management (continued)

g. Arrangements for setting pay and remuneration of key management personnel

Key management personnel are persons having authority and responsibility for planning, directing and controlling the activities of a reporting entity, directly or indirectly, including any director. The key, paid management personnel within the organisation are members of the Executive Team. Annual remuneration reviews are carried out for Executive Team members by their senior line managers (normally the CEO, or for the CEO the Trust Board). Recommendations are taken for approval to the Trust Board. Any annual remuneration awards are linked directly to performance targets.

h. Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

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

| | |
|--|----------|
| Percentage of pay bill spent on facility time | £ |
|--|----------|

| | | |
|---|---|---|
| Total cost of facility time | - | |
| Total pay bill | - | |
| Percentage of total pay bill spent on facility time | - | % |

Paid trade union activities

| | | |
|---|---|---|
| Time spent on paid trade union activities as a percentage of total paid facility time hours | - | % |
|---|---|---|

i. Related parties and other connected charities and organisations

Owing to the nature of the Academy Trust's operations and the composition of the Trust Board being drawn from a cross section of the local and wider community, transactions may take place with organisations in which a director has an interest. In the event of any transactions involving such connected organisations, interests are declared and transactions conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

There were no related party transactions in the period.

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Trustees' report (continued)

For the year ended 31 August 2021

Objectives and activities

a. The Trust's objects and aims

The Articles of Association of the Academy Trust Company specifically states the Academy Trust's object is: 'To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full time or part time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision Academies") or 16 to 19 Academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 Academies") or schools specially organised to make special educational provision for pupils with Special Educational Need ("the Special Academies")'.

T4 aims to be a world-class multi-academy trust dedicated to transforming lives through a shared ethos of liberal education, emotional support, and the belief that no one is too tough to teach. We want to build a network of academies that are exceptional educators of hard to reach young people. We will support those who join our community, drawing on a wealth of experience from the private and public sector. We will work under a shared belief that no student is too tough to teach.

b. The T4 Trust objectives, strategies and activities

T4 is a trust committed to supporting the developmental and specialist needs of young people who have struggled to fit into the mould of mainstream education. We believe that every young person should have access to an education that respects their unique circumstance and individual needs. We embrace difference, build skills, and empower vulnerable young people to shape their own futures.

The principal objective and aim of T4 Trust is the successful day-to-day operation of its provisions to provide outstanding education and care for students with social, emotional and mental health difficulties from London and neighbouring counties.

We believe that learning is a lifelong process and this is reflected in our management style. As a trust, we are cultivating a community of educators, students, and academies. We share the same core principles and objectives as one another, whilst respecting the different approaches of educators and academies. We aim to support and learn from one another in working to achieve our common vision.

Our specialist staff engage students by discovering what it is that motivates each individual. We are able to offer a higher teacher to student ratio than the mainstream, facilitating a more flexible and bespoke method of teaching. Education can and should be playful, fun, and unfettered. We champion creativity and imagination, whilst ensuring students are learning skills and exploring ideas that will equip them for building their futures.

The welfare of our students depends upon collective understanding, compassion, tolerance and inclusion. We believe that conflict and inappropriate behaviour ought to be resolved via positive verbal means rather than coercion. We do not restrain, we mediate. By facilitating impartial open discussions, our members of staff teach mutual respect by example, helping students learn the importance of communication and self-control.

The young people who stand to benefit the most from our unconventional methods are often the hardest to reach. Our staff achieve outstanding results in this complicated landscape. We are committed to supporting them in the remarkable work that they do by providing a dedicated staff psychotherapist and reflective space

The Trust aims to ensure that when students leave our provisions they are all gainfully employed or in further education.

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Trustees' report (continued)

For the year ended 31 August 2021

Objectives and activities (continued)

Key objectives targeted were:

1. To ensure students who leave the Trust are able to lead healthy and fulfilling lives
2. To ensure financial sustainability through redesign of the The ArtsXchange financial model and identifying and implementing changes to secure financial efficiencies
3. To expand the physical footprint of each provision and to further secure their future

Success Measures are:

1) IMHS- Due to the impact of Covid-19, securing placements for students who are moving on from IMHS was challenging this year, with the usual support measures we provide for our students were somewhat diluted. The usual interview and visitation processes were not in effect and a lot of the interactions with FE institutions and providers needed to take place virtually, a medium not best suited to many of our students. However, Trustees are very pleased to recognise that the provision has successfully secured FE and training places for the large majority of our students.

The ArtsXchange – 2020/21 involved the use of Teacher Assessment Grades and The College, in performing these assessments, ensured that all of the DFE guidance was followed. 100% of all of the grades submitted were accepted and whilst the results are not comparable to previous years due to the nature of the assessments, the Trustees are confident that the provision continues to improve and is demonstrating a positive impact on student outcomes.

2) The Executive team have managed the The ArtsXchange finances and budget to reduce expenditure in the period against budget, to redesign the model for SEN income and educational delivery whilst ensuring sufficient resources to deliver student outcomes.

3) The new site for The ArtsXchange was occupied from September 2021 and the CIF project expanding the current Ian Mikardo site was completed in October 2021.

c. Public benefit

The Trustees believe that by working towards the objects and aims of the provisions as detailed above, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission and defined by FRS102 as 'an entity whose primary objective is to provide goods or services for the general public, community or social benefit and where any equity is provided with a view to supporting the entity's primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members.

Our provisions accept students with high social, emotional, and mental health needs from their home boroughs of Tower Hamlets and Camden and their neighbouring local authorities. Students are recommended for placement by the commissioning authorities and independently assessed by the academy to ensure that the students' needs are met.

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Trustees' report (continued)
For the year ended 31 August 2021

Strategic report

Achievements and performance

Key performance indicators

The Trust measures the performance of the schools based on consideration and comparison of key performance indicators which include:

- 1) Meeting educational targets (detailed in objectives, strategies and activities)
- 2) Pupil numbers
- 3) Ensuring best value is obtained in the procurement of resources, to ensure that these are used to the maximum possible benefit of student outcomes.
- 4) Utilising curriculum financial planning principals to maintain efficient staffing levels to meet both teaching and operational support staff requirements.

a. Pupil numbers:

As an SEMH school, Ian Mikardo accepts pupils through referral from a commissioning Local Authority and all referrals are subject to a rigorous assessment process to ensure the success of the placement. As an AP free school, The ArtsXchange accepts pupils through a number of routes including self-referral and referral from a commissioning authority (either Local Authority or School).

The Board monitors numbers on roll against prior year:

| | Ian Mikardo High School | The ArtsXchange |
|---------------------|--------------------------------|---|
| October 2020 | 42 | 101 |
| October 2021 | 43 | 64 (Reduced due to no longer being in partnership with SoundSkool. We expect the numbers to recover again by October 2022) |

b. Going concern

After making appropriate enquiries, the Trust Board 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 Accounting Policies.

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Trustees' report (continued)

For the year ended 31 August 2021

Strategic report (continued)

Achievements and performance (continued)

Financial review

a. Ian Mikardo High School

Ian Mikardo High School made an in year surplus of £444k (before accounting for actuarial pension losses) following the implementation in 17/18 of a new banding structure and charging policy which aimed to make the admissions process fairer and more transparent. This model has now been fully embedded and alongside student roll increases has secured the longer term future of the school.

The main source of revenue funding for the school is the General Annual Grant (GAG) and high needs funding per pupil from individual commissioning authorities. For the period ended 31 August 2021 the school received £610k in direct revenue funding from the EFA and £2,034k in funding from commissioning Local Authorities. In 2020/21 the school worked with a number of different commissioning local authorities and providers, and has continued to increase pupil numbers throughout the course of the year.

Throughout 2020/21 the school has monitored expenditure to ensure this is in line with expectation, in particular through the course of the COVID-19 pandemic and resulting school closures, Ian Mikardo High School was able to effectively manage costs resulting in lower expenditure than forecast. The Trust is using these funds to support the transition of students now they are back to full time 'on-site' education, and to mitigate the detrimental impact of the pandemic on the mental and physical health of students.

The ArtsXchange

The ArtsXchange made an in year surplus of £33k (before accounting for actuarial pension losses) due to the Trust reviewing both the funding and the educational model and revising these in 20/21, with significant changes to the SEN income. These changes enabled the College to deliver the necessary education and welfare support to its students whilst ensuring full cost recovery.

The main source of revenue funding for the school is the General Annual Grant (GAG) and high needs funding per pupil from individual commissioning authorities. For the period ended 31 August 2021 the college received £1,417k in direct revenue funding from the ESFA and £755k in funding from commissioning Local Authorities. In 2020/21 the college worked with a number of different commissioning local authorities and providers, and has continued to increase pupil numbers throughout the course of the year.

Throughout 2020/21 the school has monitored expenditure to ensure this is in line with expectation, in particular through the course of the COVID-19 pandemic and resulting school closures, The ArtsXchange was able to effectively manage costs resulting in lower expenditure than forecast. The Trust is using these funds to support the transition of students now they are back to full time 'on-site' education, and to mitigate the detrimental impact of the pandemic on the mental and physical health of students.

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Trustees' report (continued)

For the year ended 31 August 2021

Reserves policy

The Trustees are aware of the requirement to balance current and future needs. The Trustees always aim to set a balanced budget with annual income balancing annual expenditure, but due to the historical issues at The ArtsXchange the Trust set a deficit budget in the period ending 31 August 2021. The long term sustainability of the Trust has been discussed with the Department for Education and recovery funding has been agreed, the Trust was in receipt of this funding in the period ending 31 August 2021.

The level of unrestricted reserves at 31st August 2021 was £201,088 and the amount of cash reserves held by the Academy is £1,180,584.

The Trust is recognising a significant pension fund deficit of £1,675,000. This liability is paid over a number of years and does not crystallize as a single sum owing. Future pension fund valuations may see a decrease in this liability through improved investment performance.

b. Investments policy

The Trust Board invests funds in such a way as to maximise the Academy Trust's income but with minimal risk. Cash flow and budget demands during 2020/21 required funds available to be kept liquid.

The investment policy is reviewed by the Trust Board.

c. Principal risks and uncertainties

The Trustees maintain a risk register identifying the major risks to which the Academy Trust is exposed, and identifying actions and procedures to mitigate those risks. A formal review of the risk management process is undertaken on an annual basis and the exposure to these risks is monitored on behalf of the Trust board by the Finance, Risk and Audit Committee. Those facing the Academy Trust at an operational level are addressed by its systems and controls which are tested and reported on through annual independent internal and external audit checks.

The Trustees report that the Academy Trust's financial and internal controls conform to guidelines issued by the ESFA.

The Trust Board assess the risks and uncertainties facing the Academy Trust as follows:

d. Operating to a balanced budget

Pressures on income and expenditure require the Trust Board to carefully monitor budgets and oversee strategies required to see any savings required, while ensuring that the provision of required learning resources remains sufficient to see student outcomes maximized.

In the period ending 31 August 2021 the Trust secured recovery funding from the ESFA to enable the long term viability of the Trust. The ArtsXchange had faced five years of financial difficulties prior to joining the Trust in September 2019. The Trust is in the process of redesigning the financial and educational model of the College to ensure longer term viability, whilst ensuring student outcomes are met.

The Trust Board continues to embed a new financial funding model for SEN income at Ian Mikardo High School to ensure continuity sustainability and viability.

Inflationary pressures are expected to continue in all expenditure areas, and in particular around staffing. The Trust Board monitors the strategies being followed to provide economies in operations which do not affect student outcomes detrimentally.

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Trustees' report (continued)
For the year ended 31 August 2021

e. Safeguarding and child protection

The Trustees continue to ensure that the highest standards are maintained in setting the culture and ethos of the organisation and in managing and setting expectations for behaviour management, ensuring that all students are safe, well supported and successful in achieving their targeted outcomes.

Fundraising

The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

Plans for future periods

T4 aims to be a world-class multi-academy trust dedicated to transforming lives through a shared ethos of liberal education, emotional support, and the belief that no one is too tough to teach. We want to build a network of academies that are exceptional educators of hard to reach young people. We will support those who join our community, drawing on a wealth of experience from the private and public sector. We will work under a shared belief that no student is too tough to teach. The academy trust will therefore continue striving to improve the outcomes of some of these hardest to reach children.

The Trust Board immediate plans are to ensure the long term financial viability of the Trust through further adaptation to the The ArtsXchange financial model, and the development of a new and expanded College at its new site in 2021.

Funds held as custodian on behalf of others

The Trust does not hold any funds on behalf of others.

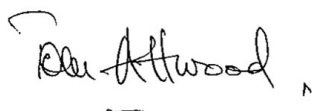
Auditor

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 auditor is aware of that information.

The auditors, Kreston Reeves LLP, were appointed as external auditors to the Trust for a 3-year term on 23 September 2020.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 13 December 2021 and signed on its behalf by:



T R Attwood
Chair of Board of Trustees

T4 Trust

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Governance Statement

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that T4 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 DfE's Governance Handbook and competency framework for governance.

The Trust Board has delegated the day to day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between T4 Trust and the Secretary of State for Education. They are also responsible for reporting to the Trust Board 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 5 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 |
|--------------------|-------------------|-------------------|
| S M Attwood | 6 | 6 |
| T R Attwood, Chair | 6 | 6 |
| S C Gough | 5 | 6 |
| A F X Green | 6 | 6 |
| J C Ilochi | 4 | 5 |
| C D Weavers | 5 | 6 |

The Finance, Risk and Audit Committee (FRAC) is a sub-committee of the main Board of Trustees. The purpose of the Finance Committee is to set, monitor and review the use of resources of the Trust, ensuring that income due from grants is received, income generation is promoted and expenditure achieves best value in terms of student outcomes. The FRAC also fulfils the responsibilities of an Audit Committee.

Attendance during the year at meetings was as follows:

| Trustee | Meetings attended | Out of a possible |
|-------------|-------------------|-------------------|
| T R Attwood | 5 | 5 |
| S C Gough | 5 | 5 |

The Performance and Standards Committee is a sub-committee of the main Board of Trustees. The purpose of the Performance and Standards Committee is to set, monitor and review the educational and welfare performance of the Trust, ensuring that students are safe, well supported and achieving their targeted outcomes. During the year the principal focus has been:

Attendance during the year at meetings was as follows:

| Trustee | Meetings attended | Out of a possible |
|-------------|-------------------|-------------------|
| J C Ilochi | 1 | 1 |
| A F X Green | 1 | 1 |

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Governance Statement (continued)

Review of value for money

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

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the Trust Board 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:

- Delivering a budget surplus in year, in order to re-invest in future programmes
- Utilising Condition Improvement Funding for the expansion of Ian Mikardo High School allowing an increase in pupil numbers in future years
- Embedding a sustainable financial model at Ian Mikardo High School and banding structure for SEN funding which secures the longer term viability of the school
- Embedding a banding structure for SEN funding at The ArtsXchange to improve the longer term financial viability of the College

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of 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 T4 Trust for the period from 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Trust Board has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trust Board is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period from 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trust Board.

The risk and control framework

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

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

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Governance Statement (continued)

The risk and control framework (continued)

The Trust Board has considered the need for a specific internal audit function and has decided to buy an internal audit service from TIAA.

The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the academy trust's financial and other systems. In particular, the checks to be carried out include:

- testing of key financial controls
- review of budgetary control
- testing of income systems
- testing of purchases systems
- testing of control account reconciliations
- review of adherence to funding conditions

On an annual basis, the reviewer reports to the Trust Board through the Finance, Risk and Audit committee on the operation of the systems of control and on the discharge of the Trust Board's financial responsibilities and annually prepares a short annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

The internal auditor has delivered their schedule of work as planned. No issues arose from the reports issued during the financial period to 31 August 2021.

Review of effectiveness

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

- the work of the internal auditor;
- the work of the external auditors;
- the financial management and governance self-assessment process or the school resource management self-assessment tool;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance, Risk and Audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 13 December 2021 and signed on their behalf by:



T R Attwood
Chair of Trustees



J White
Accounting Officer

T4 Trust

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Statement on Regularity, Propriety and Compliance

As Accounting Officer of T4 Trust I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the Academy Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the Academy's funding agreement and the Academies Financial Handbook 2020.

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.



J White

Accounting Officer

Date: 13 December 2021

T4 Trust

(A company limited by guarantee)

Statement of Trustees' responsibilities

For the year ended 31 August 2021

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied 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 2020 to 2021;
- 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 and signed on its behalf by:



T R Attwood

Date: 13 December 2021

T4 Trust
(A company limited by guarantee)

Independent auditors' Report on the financial statements to the Members of T4 Trust

Opinion

We have audited the financial statements of T4 Trust (the 'academy') for the year ended 31 August 2021 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 2020 to 2021 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's affairs as at 31 August 2021 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 2020 to 2021 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 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

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

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

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

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustees are responsible for the other information contained within the Annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

T4 Trust
(A company limited by guarantee)

Independent auditors' Report on the financial statements to the Members of T4 Trust (continued)

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 including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have 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 and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the Strategic report.

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

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

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Academy 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'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 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.

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

T4 Trust

(A company limited by guarantee)

Independent auditors' Report on the financial statements to the Members of T4 Trust (continued)

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Academy Trust and the sector as a whole, and through discussion with the Trustees and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to child protection and safeguarding, health and safety and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, Statement of Recommended Practice, Academies Accounts Direction, Academies Financial Handbook, taxation and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of land and buildings and revenue and noncompliance with financial management and governance requirements which are consistent with the obligations of public funded bodies. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud, and review of the reports made by management and internal audit; and
- Assessment of identified fraud risk factors; and
- Consideration of income streams, completeness of income and compliance with the obligations of funders including the ESFA
- Review of cash and credit card expenditure to confirm no evidence of personal benefit; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Checking and reperforming the reconciliation of key control accounts; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant tax and regulatory authorities; and
- Review of internal controls and physical inspection of tangible assets susceptible to fraud or irregularity; and
- Review of corporate governance arrangements; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

T4 Trust

(A company limited by guarantee)

Independent auditors' Report on the financial statements to the Members of T4 Trust (continued)

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Academy to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Academy'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'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 and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Kreston Reeves LLP

Robert Sellers FCCA (Senior statutory auditor)

for and on behalf of
Kreston Reeves LLP

Statutory Auditor
Chartered Accountants

Canterbury

13 December 2021

T4 Trust

(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to T4 Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 22 September 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by T4 Trust during the year 1 September 2020 to 31 August 2021 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 T4 Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to T4 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 T4 Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of T4 Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of T4 Trust's funding agreement with the Secretary of State for Education dated 1 September 2019 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

T4 Trust
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to T4 Trust and the Education & Skills Funding Agency (continued)

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts 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's income and expenditure.

Work undertaken

The work undertaken to draw to our conclusion includes:

- Reviewed the evidence used to support the Accounting Officer's sign off of the regularity statement
- Reviewed expenditure against specific terms of grant funding within the funding agreement
- Reviewed that grants have been applied for the purposes intended
- Confirmed that internal control procedures exist relating to expenditure incurred of cash and credit cards
- Confirmed items claimed on cash and credit cards are not for personal benefit
- Reviewed expenditure and considered whether any supplies are from related parties
- Reviewed minutes of Board minutes for declaration of interests
- Considered whether other income activities are permitted within the Academy Trust's charitable objects
- Considered if borrowing agreements, including leases, have been made in accordance with the Academies Financial Handbook
- Confirmed that procurement and tendering procedures exist relating to expenditure and have been complied with.

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 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Kreston Reeves LLP

Kreston Reeves LLP
Reporting Accountant
Chartered Accountants

Date: 13 December 2021

T4 Trust
(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the year ended 31 August 2021

| | Note | Unrestricted funds 2021 £ | Restricted funds 2021 £ | Restricted fixed asset funds 2021 £ | Total funds 2021 £ | Total funds 2020 £ |
|---|-------------|--|--|--|-----------------------------------|-----------------------------------|
| Income from: | | | | | | |
| Donations and capital grants | 3 | 1,000 | - | 242,115 | 243,115 | 6,567,699 |
| Charitable activities | 4 | - | 4,815,228 | - | 4,815,228 | 4,295,999 |
| Other trading activities | 5 | 15,833 | 46,982 | - | 62,815 | 121,054 |
| Investments | 6 | 288 | - | - | 288 | 633 |
| Total income | | 17,121 | 4,862,210 | 242,115 | 5,121,446 | 10,985,385 |
| Expenditure on: | | | | | | |
| Charitable activities | 8 | 13,087 | 4,742,262 | 98,657 | 4,854,006 | 4,343,162 |
| Total expenditure | | 13,087 | 4,742,262 | 98,657 | 4,854,006 | 4,343,162 |
| Net movement in funds before other recognised gains/(losses) | | 4,034 | 119,948 | 143,458 | 267,440 | 6,642,223 |
| Other recognised gains/(losses): | | | | | | |
| Actuarial losses on defined benefit pension schemes | 25 | - | (418,000) | - | (418,000) | (10,000) |
| Net movement in funds | | 4,034 | (298,052) | 143,458 | (150,560) | 6,632,223 |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | | 197,054 | (807,101) | 7,242,270 | 6,632,223 | - |
| Net movement in funds | | 4,034 | (298,052) | 143,458 | (150,560) | 6,632,223 |
| Total funds carried forward | | 201,088 | (1,105,153) | 7,385,728 | 6,481,663 | 6,632,223 |

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 25 to 50 form part of these financial statements.

T4 Trust
(A company limited by guarantee)
Registered number: 12111001

Balance sheet
As at 31 August 2021

| | Note | 2021 £ | 2020 £ |
|---|------|-------------------------|-------------------------|
| Fixed assets | | | |
| Tangible assets | 14 | 7,356,347 | 7,242,270 |
| Current assets | | | |
| Debtors | 15 | 712,719 | 766,289 |
| Cash at bank and in hand | | 1,180,584 | 813,052 |
| | | <u>1,893,303</u> | <u>1,579,341</u> |
| Creditors: amounts falling due within one year | 16 | (1,092,987) | (969,888) |
| Net current assets | | <u>800,316</u> | <u>609,453</u> |
| Total assets less current liabilities | | <u>8,156,663</u> | <u>7,851,723</u> |
| Creditors: amounts falling due after more than one year | 17 | - | (132,500) |
| Net assets excluding pension liability | | <u>8,156,663</u> | <u>7,719,223</u> |
| Defined benefit pension scheme liability | 25 | (1,675,000) | (1,087,000) |
| Total net assets | | <u><u>6,481,663</u></u> | <u><u>6,632,223</u></u> |
| Funds of the Academy | | | |
| Restricted funds: | | | |
| Fixed asset funds | 18 | 7,385,728 | 7,242,270 |
| Restricted income funds | 18 | 569,847 | 279,899 |
| | | <u>7,955,575</u> | <u>7,522,169</u> |
| Restricted funds excluding pension asset | 18 | 7,955,575 | 7,522,169 |
| Pension reserve | 18 | (1,675,000) | (1,087,000) |
| Total restricted funds | 18 | <u>6,280,575</u> | <u>6,435,169</u> |
| Unrestricted income funds | 18 | <u>201,088</u> | <u>197,054</u> |
| Total funds | | <u><u>6,481,663</u></u> | <u><u>6,632,223</u></u> |

The financial statements on pages 22 to 50 were approved by the Trustees, and authorised for issue on 13 December 2021 and are signed on their behalf, by:

T R Attwood
Chair



The notes on pages 25 to 50 form part of these financial statements.

T4 Trust
(A company limited by guarantee)

Statement of cash flows
For the year ended 31 August 2021

| | Note | 2021 £ | 2020 £ |
|---|-------------|-------------------|-------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 20 | 357,700 | 755,566 |
| Cash flows from investing activities | 22 | 9,832 | (75,014) |
| Cash flows from financing activities | 21 | - | 132,500 |
| Change in cash and cash equivalents in the year | | 367,532 | 813,052 |
| Cash and cash equivalents at the beginning of the year | | 813,052 | - |
| Cash and cash equivalents at the end of the year | 23, 24 | 1,180,584 | 813,052 |

The notes on pages 25 to 50 form part of these financial statements

T4 Trust

(A company limited by guarantee)

Notes to the financial statements

For the year ended 31 August 2021

1. Accounting policies

T4 Trust is a charitable company limited by guarantee and an except charity incorporated in England and Wales. The registered office is Manor House, Slip Mill Road, Hawkhurst, Cranbrook, Kent, TN18 5AE. The principal activity of the Academy Trust is to provide a secondary education for pupils that satisfies the requirements of the Education Act 2002.

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

1.1 Basis of preparation of financial statements

The financial statements of the Academy, 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 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

T4 Trust meets the definition of a public benefit entity under FRS 102.

The academy trust's functional and presentational currency is Pounds Sterling.

The academy trust's financial statements are presented to the nearest pound.

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 to continue as a going concern. While the impact of the COVID-19 pandemic has been assessed by the Trustees as far as reasonably possible, due to its unprecedented impact on the wider economy, it is difficult to evaluate with any certainty the potential outcomes of the Academy Trust's activities.

However, taking into consideration the UK Government's response and its continued support of schools, as well as the Academy Trust's own reserves and planning, 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Notes to the financial statements
For the year ended 31 August 2021

1. Accounting policies (continued)

1.3 Income

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

- **Grants**

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

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

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

- **Donations**

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

- **Other income**

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

Notes to the financial statements
For the year ended 31 August 2021

1. Accounting policies (continued)

1.4 Expenditure

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 Taxation

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

Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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:

Notes to the financial statements
For the year ended 31 August 2021

1. Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on the following bases:

| | |
|------------------------------|-----------------------------------|
| Long-term leasehold property | - Over 50 years straight line |
| Fixtures and fittings | - Over 4 - 10 years straight line |
| Computer equipment | - Over 2 - 4 years straight line |
| Motor vehicles | - Over 3 - 6 years straight line |

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 Debtors

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

1.9 Cash at bank and in hand

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

1.10 Liabilities

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

1.11 Provisions

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

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

Notes to the financial statements
For the year ended 31 August 2021

1. Accounting policies (continued)

1.12 Financial instruments

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

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

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

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

1.13 Operating leases

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

1.14 Pensions

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

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

Notes to the financial statements
For the year ended 31 August 2021

1. Accounting policies (continued)

1.15 Fund accounting

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

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

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

Multi-employer defined benefit pension scheme

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 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. 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.

Tangible fixed assets

The academy trust has recognised tangible fixed assets with a carrying value of £7,356,347 at the reporting date (see note 14). These are stated at their cost less provision for depreciation and impairment. The college's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the college determines at acquisition reliable estimates for the useful life of the assets, its residual value and decommissioning costs. These estimates are based upon such factors as the expected use of the acquired asset and market conditions. At subsequent reporting dates the governors consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

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(A company limited by guarantee)

Notes to the financial statements For the year ended 31 August 2021

2. Critical accounting estimates and areas of judgment (continued)

Where there are indicators that the carrying value of tangible assets may be impaired the college undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the college's forecasts for the foreseeable future which do not include any restructuring activities that the college is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

Critical areas of judgment:

Lease commitments

The academy trust has entered into a range of lease commitments in respect of property, plant and equipment. The classification of these leases as either financial or operating leases required the governors to consider whether the terms and conditions of each lease are such that the college has acquired the risks and rewards associated with the ownership of the underlying assets.

Multi-employer defined benefit pension scheme

Certain employees participate in the Teachers Pension Scheme, a multi-employer defined benefit pension scheme, with other Academy Trusts in the region. In the judgement of the governors, the college does not have sufficient information on the plan assets and liabilities to be able to reliably account for its share of the defined benefit obligation and plan assets. Therefore the scheme is accounted for as a defined contribution scheme, see note 25 for further details.

3. Income from donations and capital grants

| | Unrestricted funds 2021 £ | Restricted funds 2021 £ | Restricted fixed asset funds 2021 £ | Total funds 2021 £ | Total funds 2020 £ |
|-------------------------------------|------------------------------------|----------------------------------|---|-----------------------------|-----------------------------|
| Donations | 1,000 | - | 19,837 | 20,837 | - |
| Capital Grants | - | - | 222,278 | 222,278 | 11,814 |
| Inherited from other academy trusts | - | - | - | - | 6,555,885 |
| | <u>1,000</u> | <u>-</u> | <u>242,115</u> | <u>243,115</u> | <u>6,567,699</u> |
| Total 2020 | <u>193,574</u> | <u>(907,399)</u> | <u>7,281,524</u> | <u>6,567,699</u> | |

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(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2021

4. Funding for the Academy's educational operations

| | Restricted funds 2021 £ | Total funds 2021 £ | Total funds 2020 £ |
|--------------------------------|--|---------------------------------------|---------------------------------------|
| DfE/ESFA grants | | | |
| General Annual Grant (GAG) | 1,570,106 | 1,570,106 | 1,163,304 |
| Other DfE/ESFA grants | | | |
| Free schools lease funding | 272,717 | 272,717 | 212,583 |
| Other DfE/ESFA | 184,125 | 184,125 | 286,697 |
| | <u>2,026,948</u> | <u>2,026,948</u> | <u>1,662,584</u> |
| Other Government grants | | | |
| Local Authority - SEN | 2,788,280 | 2,788,280 | 2,633,415 |
| | <u>2,788,280</u> | <u>2,788,280</u> | <u>2,633,415</u> |
| | <u>4,815,228</u> | <u>4,815,228</u> | <u>4,295,999</u> |
| Total 2020 | <u>4,295,999</u> | <u>4,295,999</u> | |

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the academy's funding for free schools lease funding is no longer reported under the Other DfE Group grants heading, but as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

5. Income from other trading activities

| | Unrestricted funds 2021 £ | Restricted funds 2021 £ | Total funds 2021 £ | Total funds 2020 £ |
|-----------------|--|--|---------------------------------------|---------------------------------------|
| Fundraising | - | 46,982 | 46,982 | 46,100 |
| School lettings | - | - | - | 17,393 |
| Charity income | - | - | - | 1,085 |
| Other income | 15,833 | - | 15,833 | 56,476 |
| | <u>15,833</u> | <u>46,982</u> | <u>62,815</u> | <u>121,054</u> |
| Total 2020 | <u>74,954</u> | <u>46,100</u> | <u>121,054</u> | |

T4 Trust
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Notes to the financial statements
For the year ended 31 August 2021

6. Investment income

| | Unrestricted funds 2021 £ | Total funds 2021 £ | Total funds 2020 £ |
|-------------------|--|---------------------------------------|---------------------------------------|
| Interest received | 288 | 288 | 633 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total 2020 | 633 | 633 | |
| | <u> </u> | <u> </u> | |

7. Expenditure

| | Staff Costs 2021 £ | Premises 2021 £ | Other 2021 £ | Total 2021 £ | Total 2020 £ |
|-------------------------|-----------------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Educational operations: | | | | | |
| Direct costs | 2,351,617 | - | 781,212 | 3,132,829 | 2,976,533 |
| Support costs | 754,975 | 413,768 | 552,434 | 1,721,177 | 1,366,629 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | 3,106,592 | 413,768 | 1,333,646 | 4,854,006 | 4,343,162 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total 2020 | 2,872,844 | 283,913 | 1,186,405 | 4,343,162 | |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | |

8. Analysis of expenditure by activities

| | Activities undertaken directly 2021 £ | Support costs 2021 £ | Total funds 2021 £ | Total funds 2020 £ |
|------------------------|--|---|---------------------------------------|---------------------------------------|
| Educational operations | 3,132,829 | 1,721,177 | 4,854,006 | 4,343,162 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total 2020 | 2,976,533 | 1,366,629 | 4,343,162 | |
| | <u> </u> | <u> </u> | <u> </u> | |

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Notes to the financial statements
For the year ended 31 August 2021

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

| | Total funds 2021 £ | Total funds 2020 £ |
|---------------------------------------|---------------------------------------|---------------------------------------|
| Staff costs | 2,176,141 | 2,294,019 |
| Agency staff | 175,476 | 105,075 |
| Educational resources | 581,551 | 451,054 |
| Examination fees | 18,450 | 15,623 |
| Staff development & other staff costs | 31,626 | 88,972 |
| Student support | 149,585 | 21,790 |
| | 3,132,829 | 2,976,533 |

Analysis of support costs

| | Total funds 2021 £ | Total funds 2020 £ |
|-------------------------------------|---------------------------------------|---------------------------------------|
| Pension finance costs | 21,000 | 19,000 |
| Staff costs | 618,960 | 473,750 |
| Depreciation | 98,657 | 105,851 |
| Agency staff | 136,015 | - |
| Maintenance of premises & equipment | 88,371 | 52,628 |
| Cleaning | 32,289 | 29,424 |
| Rent & rates | 262,449 | 245,367 |
| Insurance | 6,846 | 3,433 |
| Computer costs | 74,232 | 19,847 |
| Catering costs | 69,928 | 81,554 |
| Energy costs | 27,972 | 43,109 |
| Staff recruitment costs | 12,366 | 7,340 |
| Motor & travel expenses | 11,345 | 6,386 |
| Telephone & broadband | 9,802 | 9,331 |
| Sundry admin costs | 116,598 | 29,396 |
| Legal & professional expenses | 134,347 | 240,213 |
| | 1,721,177 | 1,366,629 |

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Notes to the financial statements
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9. Net income

Net income for the year includes:

| | 2021 £ | 2020 £ |
|---------------------------------------|--------------------------|--------------------------|
| Depreciation of tangible fixed assets | 98,657 | 105,851 |
| Fees paid to auditors for: | | |
| - audit | 10,850 | 10,150 |
| - other services | 900 | 860 |
| | <u><u> </u></u> | <u><u> </u></u> |

10. Staff

a. Staff costs

Staff costs during the year were as follows:

| | 2021 £ | 2020 £ |
|-----------------------|-------------------------|-------------------------|
| Wages and salaries | 2,027,377 | 2,123,076 |
| Social security costs | 197,777 | 193,883 |
| Pension costs | 434,997 | 386,159 |
| | <u><u>2,660,151</u></u> | <u><u>2,703,118</u></u> |
| Agency staff costs | 311,491 | 105,075 |
| Severance payments | 134,950 | 64,651 |
| | <u><u>3,106,592</u></u> | <u><u>2,872,844</u></u> |

b. Non-statutory/non-contractual staff severance payments

Included in direct costs for the year ended 31 August 2021 there are non-statutory / non-contractual severance payments totalling £134,950 (2020: £64,651). The total was comprised of one payment of £134,950 (2020: individual payments were £38,347, £25,954, and £350).

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Notes to the financial statements
For the year ended 31 August 2021

10. Staff (continued)

c. Staff numbers

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

| | 2021 No. | 2020 No. |
|------------------------|---------------------|---------------------|
| Management | 13 | 10 |
| Teaching Staff | 18 | 21 |
| Administration/Support | 33 | 36 |
| | 64 | 67 |

d. Higher paid staff

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

| | 2021 No. | 2020 No. |
|---------------------------------|---------------------|---------------------|
| In the band £60,001 - £70,000 | 3 | 2 |
| In the band £70,001 - £80,000 | 1 | 2 |
| In the band £80,001 - £90,000 | 1 | - |
| In the band £140,001 - £150,000 | - | 1 |
| In the band £150,001 - £160,000 | 1 | - |

Three of the above employees (2020: two) participated in the Teachers' Pension Scheme. During the year ended 31 August 2021, pension contributions for these employees amount to £56,174 (2020: £33,705). One of the above employees (2020: one) participated in the Local Government Pension Scheme, pension contributions amount to £16,363 (2020: £17,052).

e. Key management personnel

The key management personnel of the Academy comprise 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 was £517,794 (2020: 534,843).

T4 Trust
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Notes to the financial statements
For the year ended 31 August 2021

11. Central services

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

- Educational support services
- Legal services
- Others as arising

The Academy charges for these services on the following basis:

A flat percentage of 10% of total income. There was no charge for central services in the prior year.

The actual amounts charged during the year were as follows:

| | 2021 £ | 2020 £ |
|-------------------------|----------------|-----------|
| Ian Mikardo High School | 266,723 | - |
| The ArtsXchange | 210,842 | - |
| Total | 477,565 | - |

12. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 August 2021, no Trustee expenses have been incurred (2020 - £NIL).

13. Trustees' and Officers' insurance

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

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Notes to the financial statements
For the year ended 31 August 2021

14. Tangible fixed assets

| | Long-term leasehold property £ | Assets under construction £ | Furniture and equipment £ | Computer equipment £ | Motor vehicles £ | Total £ |
|--------------------------|---|--------------------------------------|------------------------------------|----------------------------|------------------------|------------|
| Cost or valuation | | | | | | |
| At 1 September 2020 | 7,151,248 | - | 82,621 | 108,752 | 5,500 | 7,348,121 |
| Additions | - | 212,734 | - | - | - | 212,734 |
| At 31 August 2021 | 7,151,248 | 212,734 | 82,621 | 108,752 | 5,500 | 7,560,855 |
| Depreciation | | | | | | |
| At 1 September 2020 | 70,613 | - | 19,805 | 14,666 | 767 | 105,851 |
| Charge for the year | 70,613 | - | 15,007 | 12,270 | 767 | 98,657 |
| At 31 August 2021 | 141,226 | - | 34,812 | 26,936 | 1,534 | 204,508 |
| Net book value | | | | | | |
| At 31 August 2021 | 7,010,022 | 212,734 | 47,809 | 81,816 | 3,966 | 7,356,347 |
| At 31 August 2020 | 7,080,635 | - | 62,816 | 94,086 | 4,733 | 7,242,270 |

Included in land and buildings is leasehold land at valuation of £3,728,000 (2020: £3,728,000) which is not depreciated.

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Notes to the financial statements
For the year ended 31 August 2021

15. Debtors

| | 2021 £ | 2020 £ |
|--------------------------------|----------------|----------------|
| Trade debtors | 421,963 | 530,673 |
| Other debtors | 131,726 | 70,509 |
| Prepayments and accrued income | 159,030 | 165,107 |
| | <u>712,719</u> | <u>766,289</u> |

16. Creditors: Amounts falling due within one year

| | 2021 £ | 2020 £ |
|------------------------------------|------------------|----------------|
| Other loans | 132,500 | - |
| Trade creditors | 48,172 | 46,359 |
| Other taxation and social security | 66,626 | 53,756 |
| Other creditors | 129,740 | 143,203 |
| Accruals and deferred income | 715,949 | 726,570 |
| | <u>1,092,987</u> | <u>969,888</u> |

| | 2021 £ | 2020 £ |
|--|----------------|----------------|
| Deferred income at 1 September 2020 | 573,697 | - |
| Resources deferred during the year | 436,638 | 573,697 |
| Amounts released from previous periods | (573,697) | - |
| | <u>436,638</u> | <u>573,697</u> |

The deferred income above relates to money received in advance of the period to which it relates from SEN funding.

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

| | 2021 £ | 2020 £ |
|-------------|-----------|-----------|
| Other loans | - | 132,500 |

Included in other loans is a loan taken out of £132,500 with the ESFA in 2019 which is recoverable in the 2021/22 academic year.

T4 Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2021

18. Statement of funds

| | Balance at 1 September 2020 £ | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2021 £ |
|---|--|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | | |
| General Funds | 197,054 | 17,121 | (13,087) | - | - | 201,088 |
| Restricted general funds | | | | | | |
| General Annual Grant (GAG) | 279,899 | 1,570,106 | (1,149,158) | (131,000) | - | 569,847 |
| Free schools lease funding | - | 272,717 | (272,717) | - | - | - |
| Other DfE/ESFA grants | - | 184,125 | (184,125) | - | - | - |
| Local authority - SEN | - | 2,788,280 | (2,788,280) | - | - | - |
| Other grants | - | 46,982 | (46,982) | - | - | - |
| Pension reserve | (1,087,000) | - | (301,000) | 131,000 | (418,000) | (1,675,000) |
| | (807,101) | 4,862,210 | (4,742,262) | - | (418,000) | (1,105,153) |
| Restricted fixed asset funds | | | | | | |
| Fixed Asset Fund | 7,242,270 | - | (98,657) | 212,734 | - | 7,356,347 |
| DfE/ESFA capital grants | - | 242,115 | - | (212,734) | - | 29,381 |
| | 7,242,270 | 242,115 | (98,657) | - | - | 7,385,728 |
| Total Restricted funds | 6,435,169 | 5,104,325 | (4,840,919) | - | (418,000) | 6,280,575 |
| Total funds | 6,632,223 | 5,121,446 | (4,854,006) | - | (418,000) | 6,481,663 |

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

GAG represents funds to be used to cover the normal running costs of the academy.

Other DfE/ESFA grants represents grants provided for specific purposes, such as pupil premium which is used to support disadvantaged pupils and assist them in decreasing the attainment gap between them and their peers.

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(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2021

18. Statement of funds (continued)

Other government grants represents grants provided for specific purposes, such as SEN funding which is used to support pupils with special education needs.

Other grants represents grants provided from non-government sources.

DfE/ESFA capital grants funds is to provide the Academy Trust with its own capital money to address other facilities.

The restricted fixed asset fund represents the assets which were donated upon transfer from other academy trusts, and the value of fixed assets purchased since conversion including depreciated to the balance sheet date.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2021.

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

| | Income £ | Expenditure £ | Transfers in/out £ | Gains/ (Losses) £ | Balance at 31 August 2020 £ |
|-------------------------------------|-------------|------------------|--------------------------|-------------------------|--------------------------------------|
| Unrestricted funds | | | | | |
| General Funds | 269,161 | (5,510) | (66,597) | - | 197,054 |
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 1,178,905 | (785,006) | (114,000) | - | 279,899 |
| Free schools lease funding | 499,280 | (499,280) | - | - | - |
| Other DfE/ESFA grants | 2,633,415 | (2,633,415) | - | - | - |
| Local authority - SEN | 46,100 | (46,100) | - | - | - |
| Pension reserve | (923,000) | (268,000) | 114,000 | (10,000) | (1,087,000) |
| | 3,434,700 | (4,231,801) | - | (10,000) | (807,101) |
| Restricted fixed asset funds | | | | | |
| Fixed Asset Fund | 7,269,710 | (105,851) | 78,411 | - | 7,242,270 |
| DfE/ESFA capital grants | 11,814 | - | (11,814) | - | - |
| | 7,281,524 | (105,851) | 66,597 | - | 7,242,270 |
| Total Restricted funds | 10,716,224 | (4,337,652) | 66,597 | (10,000) | 6,435,169 |
| Total funds | 10,985,385 | (4,343,162) | - | (10,000) | 6,632,223 |

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Notes to the financial statements
For the year ended 31 August 2021

18. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

| | 2021 £ | 2020 £ |
|--|--------------------|-------------|
| Ian Mikardo High School | 766,068 | 346,961 |
| The ArtsXchange | 214,002 | 129,992 |
| T4 Trust - central services | (209,135) | - |
| | <hr/> | <hr/> |
| Total before fixed asset funds and pension reserve | 770,935 | 476,953 |
| Restricted fixed asset fund | 7,385,728 | 7,242,270 |
| Pension reserve | (1,675,000) | (1,087,000) |
| | <hr/> | <hr/> |
| Total | 6,481,663 | 6,632,223 |
| | <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 £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2021 £ | Total 2020 £ |
|-----------------------------|--|---|--------------------------------------|--|----------------------------|----------------------------|
| Ian Mikardo High School | 903,015 | 341,643 | 532,787 | 267,738 | 2,045,183 | 2,514,807 |
| The ArtsXchange | 742,401 | 171,067 | 549,434 | 555,580 | 2,018,482 | 1,722,504 |
| T4 Trust - central services | 530,725 | 106,250 | - | 54,709 | 691,684 | - |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Academy | 2,176,141 | 618,960 | 1,082,221 | 878,027 | 4,755,349 | 4,237,311 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

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Notes to the financial statements
For the year ended 31 August 2021

19. Analysis of net assets between funds

Analysis of net assets between funds - current year

| | Unrestricted funds 2021 £ | Restricted funds 2021 £ | Restricted fixed asset funds 2021 £ | Total funds 2021 £ |
|--|--|--|--|---------------------------------------|
| Tangible fixed assets | - | - | 7,356,347 | 7,356,347 |
| Current assets | 201,088 | 1,662,834 | 29,381 | 1,893,303 |
| Creditors due within one year | - | (1,092,987) | - | (1,092,987) |
| Provisions for liabilities and charges | - | (1,675,000) | - | (1,675,000) |
| Total | 201,088 | (1,105,153) | 7,385,728 | 6,481,663 |

Analysis of net assets between funds - prior year

| | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Restricted fixed asset funds 2020 £ | Total funds 2020 £ |
|--|--|--|--|---------------------------------------|
| Tangible fixed assets | - | - | 7,242,270 | 7,242,270 |
| Current assets | 197,054 | 1,382,287 | - | 1,579,341 |
| Creditors due within one year | - | (969,888) | - | (969,888) |
| Creditors due in more than one year | - | (132,500) | - | (132,500) |
| Provisions for liabilities and charges | - | (1,087,000) | - | (1,087,000) |
| Total | 197,054 | (807,101) | 7,242,270 | 6,632,223 |

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Notes to the financial statements
For the year ended 31 August 2021

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

| | 2021 £ | 2020 £ |
|--|------------------|-------------|
| Net income for the year (as per Statement of financial activities) | 267,440 | 6,642,223 |
| Adjustments for: | | |
| Depreciation | 98,657 | 105,851 |
| Capital grants from DfE and other capital income | (222,278) | (11,814) |
| Interest receivable | (288) | (633) |
| Defined benefit pension scheme obligation inherited | - | 923,000 |
| Defined benefit pension scheme cost less contributions payable | 149,000 | 135,000 |
| Defined benefit pension scheme finance cost | 21,000 | 19,000 |
| Decrease/(increase) in debtors | 53,570 | (766,289) |
| (Decrease)/increase in creditors | (9,401) | 969,888 |
| Tangible fixed assets transferred on conversion | - | (7,260,660) |
| Net cash provided by operating activities | 357,700 | 755,566 |

21. Cash flows from financing activities

| | 2021 £ | 2020 £ |
|--|-----------|-----------|
| Cash inflows from new borrowing | - | 132,500 |
| Net cash provided by financing activities | - | 132,500 |

22. Cash flows from investing activities

| | 2021 £ | 2020 £ |
|--|------------------|-----------|
| Dividends, interest and rents from investments | 288 | 633 |
| Purchase of tangible fixed assets | (212,734) | (87,461) |
| Capital grants from DfE Group | 222,278 | 11,814 |
| Net cash provided by/(used in) investing activities | 9,832 | (75,014) |

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Notes to the financial statements
For the year ended 31 August 2021

23. Analysis of cash and cash equivalents

| | 2021 £ | 2020 £ |
|--|------------------|----------------|
| Cash in hand and at bank | 1,180,584 | 813,052 |
| Total cash and cash equivalents | 1,180,584 | 813,052 |

24. Analysis of changes in net debt

| | At 1 September 2020 £ | Cash flows £ | Other non- cash changes £ | At 31 August 2021 £ |
|--------------------------|--------------------------------|-----------------|------------------------------------|---------------------------|
| Cash at bank and in hand | 813,052 | 367,532 | - | 1,180,584 |
| Debt due within 1 year | - | - | (132,500) | (132,500) |
| Debt due after 1 year | (132,500) | - | 132,500 | - |
| | 680,552 | 367,532 | - | 1,048,084 |

25. Pension commitments

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

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

Contributions amounting to £49,133 were payable to the schemes at 31 August 2021 (2020 - £59,163) and are included within creditors.

Teachers' Pension Scheme

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

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

Notes to the financial statements
For the year ended 31 August 2021

25. 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 £184,886 (2020 - £166,409).

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 has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy 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 2021 was £173,000 (2020 - £150,000), of which employer's contributions totalled £131,000 (2020 - £114,000) and employees' contributions totalled £ 42,000 (2020 - £36,000). The agreed contribution rates for future years are 23.9 (Tower Hamlets) and 17.9 (Camden) per cent for employers and 5.5 to 12.5 per cent for employees.

As described in note the LGPS obligation relates to the employees of the Academy, 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 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.

T4 Trust
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 August 2021

25. Pension commitments (continued)

Principal actuarial assumptions

London Borough of Tower Hamlets Pension Fund

| | 2021 | 2020 |
|--|-------------|----------|
| | % | % |
| Rate of increase in salaries | 3.10 | 2.40 |
| Rate of increase for pensions in payment/inflation | 2.90 | 2.20 |
| Discount rate for scheme liabilities | 1.65 | 1.70 |

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

| | 2021 | 2020 |
|----------------------|--------------|--------------|
| | Years | Years |
| Retiring today | | |
| Males | 21.7 | 21.5 |
| Females | 23.9 | 23.5 |
| Retiring in 20 years | | |
| Males | 23.0 | 22.6 |
| Females | 25.7 | 25.0 |

London Borough of Camden Pension Fund

| | 2021 | 2020 |
|--|-------------|----------|
| | % | % |
| Rate of increase in salaries | 3.30 | 2.60 |
| Rate of increase for pensions in payment/inflation | 2.90 | 2.20 |
| Discount rate for scheme liabilities | 1.65 | 1.70 |

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

| | 2021 | 2020 |
|----------------------|--------------|--------------|
| | Years | Years |
| Retiring today | | |
| Males | 21.8 | 21.8 |
| Females | 23.9 | 23.9 |
| Retiring in 20 years | | |
| Males | 23.2 | 23.2 |
| Females | 25.9 | 25.9 |

T4 Trust
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Notes to the financial statements
For the year ended 31 August 2021

25. Pension commitments (continued)

Sensitivity analysis

London Borough of Tower Hamlets Pension Fund

| | 2021 | 2020 |
|-----------------------------------|---------------|---------|
| | £000 | £000 |
| Discount rate -0.1% (2020: -0.5%) | 65,000 | 249,000 |
| Pension rate +0.1% (2020: +0.5%) | 57,000 | 217,000 |
| Salary rate +0.1% (2020: +0.5%) | 7,000 | 28,000 |

London Borough of Camden Pension Fund

| | 2021 | 2020 |
|-----------------------------------|---------------|--------|
| | £000 | £000 |
| Discount rate -0.1% (2020: -0.5%) | 25,000 | 74,000 |
| Pension rate +0.1% (2020: +0.5%) | 24,000 | 73,000 |
| Salary rate +0.1% (2020: +0.5%) | - | - |

Share of scheme assets

The Academy's share of the assets in the scheme was:

| | 2021 | 2020 |
|-------------------------------------|------------------|-----------|
| | £ | £ |
| Equities | 1,195,000 | 897,000 |
| Bonds | 162,000 | 139,000 |
| Property | 121,000 | 94,000 |
| Cash | 31,000 | 11,000 |
| Total market value of assets | 1,509,000 | 1,141,000 |

The actual return on scheme assets was £197,000 (2020 - £64,000).

The amounts recognised in the Statement of financial activities are as follows:

| | 2021 | 2020 |
|---|------------------|-----------|
| | £ | £ |
| Current service cost | (280,000) | (238,000) |
| Past service cost | - | (11,000) |
| Interest income | 20,000 | 19,000 |
| Interest cost | (41,000) | (38,000) |
| Total amount recognised in the Statement of financial activities | (301,000) | (268,000) |

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Notes to the financial statements
For the year ended 31 August 2021

25. Pension commitments (continued)

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

| | 2021 £ | 2020 £ |
|--|------------------|-----------|
| At 1 September | 2,228,000 | - |
| Transferred in on existing academies joining the trust | - | 1,851,000 |
| Current service cost | 280,000 | 238,000 |
| Interest cost | 41,000 | 38,000 |
| Employee contributions | 42,000 | 36,000 |
| Actuarial losses | 595,000 | 55,000 |
| Benefits paid | (2,000) | (1,000) |
| Past service costs | - | 11,000 |
| At 31 August | 3,184,000 | 2,228,000 |

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

| | 2021 £ | 2020 £ |
|--|------------------|-----------|
| At 1 September | 1,141,000 | - |
| Transferred in on existing academies joining the trust | - | 928,000 |
| Interest income | 20,000 | 19,000 |
| Actuarial gains | 177,000 | 45,000 |
| Employer contributions | 131,000 | 114,000 |
| Employee contributions | 42,000 | 36,000 |
| Benefits paid | (2,000) | (1,000) |
| At 31 August | 1,509,000 | 1,141,000 |

26. Operating lease commitments

At 31 August 2021 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | 2021 £ | 2020 £ |
|-----------------------|-----------|-----------|
| Not later than 1 year | - | 200,000 |

27. 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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28. Related party transactions

Owing to the nature of the Academy 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's financial regulations and normal procurement procedures relating to connected and related party transactions.

During the year, T4 Trust received reimbursements of £25,993 (2020: £NIL) from the Attwood Education Foundation, a member of the Academy Trust and a charitable organisation in which T Attwood, S Attwood and S Gough, directors of the Academy Trust, are directors. At 31 August 2021, there were no outstanding amounts (2020: £NIL).

R Barton works for Lime Trust. During the year, amounts of £21,284 (2020: £NIL) were recharged from Lime Trust for management support. At 31 August 2021, there were no outstanding amounts (2020: £NIL).

The transactions above were conducted on normal commercial terms, at arm's length without exercise of any influence by the related party involved.

29. Controlling party

The Academy Trust is run by the management team on a day to day basis. Strategic decisions are made by the Board of Directors. There is no ultimate controlling party.