

Company Registration No. 05144640 (England and Wales)

ST MATTHEW ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2021

ST MATTHEW ACADEMY

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ST MATTHEW ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Reverend Monsignor M Dickens
Mr P McCallum
Archbishop J Wilson
Dr S Hughes

Trustees

P Barber (Chair)
M Baldwin (Accounting Officer)
C Browne Marke
A Butler
C Cava
J Forrest
G Grabowski
A Halmos
J Johnson
E Mascellani (Resigned 2 November 2021)
M Peters
H Vyas

Senior management team

- Headteacher	M Baldwin
- Head of Primary	J Chick
- Assistant Headteacher	I Gunningham
- Assistant Headteacher	R Wanza
- Assistant Headteacher	S Wickliffe
- Primary Assistant Head	A Kohlbeck
- Deputy Headteacher	S Guest
- Deputy Headteacher	A Young
- Assistant Headteacher	C Heywood (Resigned 20 June 21)
- Deputy Primary Headteacher	K Umekwe (Resigned 31 July 21)
- Primary Assistant Head	K Hooker (Resigned 31 August 2021)
- Primary Assistant Head	M Henson (Resigned 31 August 2021)
- Deputy Headteacher	E Thurston (Resigned 31 August 2021)
- School Business Manager	P Lawson (Resigned 26 November 2021)

Company registration number

05144640 (England and Wales)

Registered office

St Joseph's Vale
Blackheath
London
SE3 0XX
United Kingdom

Independent auditor

Azets Audit Services
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ
United Kingdom

ST MATTHEW ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

Allied Irish Bank (GB) Ltd
City Office
9-10 Angel Court
London
EC2R 7AB
United Kingdom

Solicitors

Winkworth Sherwood
Minerva House
5 Montague Close
London
SE1 9BB
United Kingdom

Eversheds LLP
One Wood Street
London
EC2V 7WS
United Kingdom

ST MATTHEW ACADEMY

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees present their annual report together with the financial statements and independent auditor's report of the 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 is an all through school for pupils aged 4 – 16 years predominately serving a catchment area in the London Boroughs of Lewisham and Greenwich. It has a pupil capacity of 1,345 and had a roll of 1022 in the school census in Autumn term 2020.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The Trustees of St Matthew Academy are also the directors of the charitable company for the purposes of company law. Details of the Trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Method of recruitment and appointment or election of Trustees

Trustees are appointed by the Sponsors or in accordance with the requirements of the Articles of Association and the funding agreement. The minimum number of Trustees is two and there is no maximum. Under the Articles of Association there should be the following number of Trustees, nine nominated by the Sponsor, a parent, a teacher, a staff member and the Executive Headteacher who is ex officio.

Policies and procedures adopted for the induction and training of Trustees

During the period under review the Trustees held 7 meetings. On appointment new Trustees receive a copy of the Diocesan handbook that is specifically written for the purpose of setting out their duties and responsibilities. They are encouraged to spend time at the Academy understanding their policies and procedures as well as to be actively involved on one of the sub committees.

Organisational structure

The structure consists of two levels: the Trustees and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Senior Leadership Team comprises the Headteacher, Head of Primary, 4 Deputy Headteachers, 7 Assistant Headteachers and the Academy Business Manager. These leaders control the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them. As a group, the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for middle and senior leader posts must contain a Trustee. Some spending control is devolved to Heads of Departments/Years with limits above which a Senior Leader must countersign.

Arrangements for setting pay and remuneration of key management personnel

Any changes to the pay and remuneration of the Academy's Headteacher and / or Senior Leadership Team must be approved by the pay Committee, which are a sub-committee of the main Governing Body. Changes to pay and remuneration will be undertaken in conjunction with the Academy's performance management procedures and pay policy.

ST MATTHEW ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Related parties and other connected charities and organisations

The school works closely with its sponsor The Roman Catholic Diocese of Southwark, Local Authorities; in particular the London Borough of Lewisham and Schools based within this borough and more widely. It has benefited from strong partnership work with Sacred Heart School and St Thomas the Apostle College in Southwark.

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is the operation of the St Matthew Academy to provide education offering a broad and balanced curriculum to pupils of different abilities between the ages of 4 and 16 with an emphasis on business and enterprise.

In accordance with the articles of association the charitable company has adopted a "Scheme of Governance" approved by the Secretary of State for the Department for Education.

The Scheme of Governance specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on business and enterprise and their practical applications.

Objectives, strategies and activities

In the Spring term of 2020-21 we began work reviewing the Academy mission statement with a range of stakeholders: pupils, staff and governors. We all wanted the statement to include our Academy motto 'Let Your Light Shine'. This is taken from St Matthew's Gospel [Matthew 5:15-16], and encapsulates our belief in the uniqueness of every individual and is central to all that we do. Following the review, we were pleased to present our new mission statement which we feel really reflects the St Matthew Academy Ethos that is lived out daily by pupils and staff alike.

St Matthew says 'let your light shine.'

At St Matthew Academy we let our light shine by:

- Growing our inclusive, caring Catholic community
- Nurturing faith, discovering talents and cultivating ambition
- Transforming each other through integrity, courage and service

enabling everyone at St Matthew Academy to flourish.

Aims

- Pupils are provided with a plethora of opportunities that enable them to become successful, confident learners of the future, within the classroom and beyond. Enrichment activities alongside targeted academic intervention, dedicated pastoral support and challenge are all important strands in this provision
- All aspects of Academy life are defined by the high standards staff and pupils are held to. We expect our learning environment to be well-ordered and pupils to thrive on the challenges presented to them. This enables every learner to achieve pastorally, spiritually and academically; leading to outstanding achievements
- At the heart of our Academy aims is our belief in promoting an 'inclusive, caring, Catholic community.' This means we welcome pupils and staff from every faith and none; we encourage everyone to take responsibility for their actions and words; we develop our students respect for other faiths and we learn together living out our Gospel Values
- We encourage our staff and young people to see themselves as active learners – to inspire and motivate each other to achieve and exceed their potential. Working in partnership with our parents and staff; we play a crucial role in nurturing and supporting every learner, to ensure they fulfil their ambitions
- Collectively, our aims capture the essence of all that we do, and as a result, St Matthew Academy promotes and promises excellence for all members of our community

ST MATTHEW ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Public benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on Public Benefit when reviewing the charity's aim and objectives and in planning future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set.

The Academy serves a catchment area covering the London Boroughs of Lewisham, Greenwich and other neighbouring boroughs.

The application process for Reception and Year 7 requires application to be made via the applicant's home borough. In all cases applicant must complete a supplementary information form relating to the religious criteria for admissions.

In circumstances where the Academy receives applications which are in excess of places available then relevant published criteria is applied. The Academy operates an appeals process in line with the Department for Education's Code of Practice on School Admission Appeals.

Strategic report

Achievements and performance

The academy has faced turbulent and challenging times in its recent history. However, after a period of growth and recovery in October 2019 the Academy achieved a 'Good' status across all categories in its Ofsted inspection. Inspectors praised the good quality of education, pupil progress and ambitious leadership. Ofsted also acknowledged the great journey of improvement the school had made and recognised the strong working relationships between pupils and staff. The inspection team found that the leadership team were ambitious for all pupils to achieve as much as possible, both academically and socially and had made positive changes to the curriculum and subject breadth.

Following the partial closure of the Academy in March 2020 due to the Covid pandemic pupils in both the primary and secondary phases were unable to sit national tests and examinations. However, we are confident that if our primary pupils had taken these tests then our recent improvements would have continued to show their upward trend which resulted in positive progress in all three measures of writing, reading and maths in 2019. The GCSE results that our pupils were awarded in August 2020 once again represented outstanding progress being made by pupils at the Academy.

Despite the ongoing challenges of the global pandemic in the academic year 2020-21 the Academy was proud to offer a first class academic and pastoral offer for all of its pupils. Staff were quick to implement remote learning where required, ensuring gaps in pupil learning were minimised. Although the academy was closed to many pupils during the national lockdown in Jan – March 2021 we were proud to provide a safe haven and a purposeful learning environment for more vulnerable pupils and the children of keyworkers.

Although exams at KS4 and national tests for primary pupils did not go ahead as planned the strong academic performance of pupils was maintained. Due to the rigorous assessment procedures securely put into place in preceding years we were able to track performance of pupils and intervene where gaps were evident making excellent use of government catch up funding.

ST MATTHEW ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Key performance indicators

In the absence of national tests in 2020 and 2021 we have only included data for 2017, 2018 and 2019.

Key Stage 2 SATs

Pupils reaching the expected standard

	Reading			Writing			Maths		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
% School	55%	76%	64%	67%	68%	80%	47%	70%	70%
% National	72%	75%	73%	76%	78%	78%	75%	76%	79%

Pupils reaching the expected standard - Combined

Combined			
	2017	2018	2019
% School	35%	68%	63%
% National	61%	64%	65%

Pupils working at greater depth of the expected standard

	Reading			Writing			Maths		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
% School	9%	21%	23%	20%	0%	23%	4%	20%	17%
% National	25%	28%	-	18%	20%	-	23%	24%	-

Pupils working at greater depth of the expected standard - Combined

Combined			
	2017	2018	2019
% School	4%	0%	13%
% National	9%	10%	-

Key Stage 4

In the absence of KS4 exams in 2020 and 2021 we have only included data for 2017, 2018 and 2019.

Pupils working at greater depth of the expected standard - Combined			
	2017	2018	2019
% School	4%	0%	13%
% National	9%	10%	-

Going concern

After making appropriate enquiries, the Board has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason the Board continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

ST MATTHEW ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Financial review

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

The Academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

A Key risk going forward is that the demand trends for primary places in Lewisham continues to be low and competition from other secondary schools in the area. The Academy will need to review Primary PAN and be prepared to staff accordingly if pupil numbers dramatically fall. The academy continues to utilise proven marketing strategies to assist with attracting pupils and develop shadow staffing structures to plan for varying pupil numbers. Staff recruitment and retention has also been identified as a risk. The Academy has partnered with Hays in order to develop comprehensive recruitment strategies. Staff wellbeing committee continues to be developed in order to boost staff retention.

During the year ended 31 August 2020, total expenditure of £9,153k (2020: £8,444k) was met by recurrent grant funding from the ESFA together with other incoming resources. The excess of expenditure over income for the year (excluding restricted fixed asset funds and transfers to restricted fixed asset funds) was £504k (2020: £480k).

At 31 August 2021 the net book value of fixed assets was £23,779k (2020: £24,468k). Movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The London Borough of Lewisham Pension Fund, in which the Academy participates, showed a deficit of £2,477k (2020: £1,575k) at 31 August 2021.

Reserves policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees have determined that the appropriate level of unrestricted reserves should be equivalent to four weeks' expenditure, approximately £625k (2020: £650k).

The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves is £758k (2020: £685k) and amounts carried forward in regard to GAG funding is £nil (2020: £216k). Therefore the trustees view the reserves to be adequate.

The Academy held fund balances at 31 August 2021 of £22,060k (2020: £23,894k) comprising £21,302k (2020: £23,209k) of restricted funds and £758k (2020: £685k) of unrestricted general funds. Of the restricted funds, £23,779k (2020: £24,468k) is represented by tangible fixed assets and £nil (2020: £216k) is represented by general restricted grants.

The pension reserve which is considered part of restricted funds was £2,477k (2020: £2,477k) in deficit.

Investment policy

Under the Memorandum and Articles of Association, the academy has the power to invest funds not immediately required for its own purposes, in any way the Trustees see fit. The organisation has a positive cash balance to cover eventualities and unforeseen expenses. The banking facilities are reviewed on a regular basis.

ST MATTHEW ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Principal risks and uncertainties

Risks other than financial are also covered by the risk register and for a major catastrophe there is a well-defined disaster recovery plan in place.

Risk management

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. The Trustees are introducing systems, including operational procedures internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the Governance Statement on page 10.

Risks other than financial are also covered by the risk register and for a major catastrophe there is a well-defined disaster recovery plan in place. The Academy consistently evaluates the probability of financial risks and actions taken to mitigate any potential or identified are brought to the attention of the Governing Body for approval. Events such as interest rate fluctuations, changes in education funding policies and other macro-economic variables are tracked and used to balance the Academy's risk exposure accordingly. Within this framework, the Senior Leadership Team makes recommendations to the Governing Body on risk management policies covering the compliance, financial and operational risk areas and following their approval are implemented and monitored to ensure their effectiveness.

Principal risks and uncertainties

The following are the principal risks and uncertainties facing the Academy:

- **Financial viability:** The financial viability of the Academy is a risk given the Academy's current financial position and predicted changes in education funding policies combined with increased costs arising from pension schemes, updates to auto-enrolment and inflationary pressures. This risk is being managed by the regular reporting and monitoring of monthly management accounts, combined with budgeting for the next three years. Where appropriate corrective action to reduce costs is being taken, including a review of all contracts and a staff restructure.
- **Pupil numbers:** As a result of the Academy Ofsted inspections in June 2016 and June 2017 the reputation of the Academy has suffered and this resulted in admission numbers declining in Sep 2017 and pupils leaving the academy mid-year. The Academy mitigated these risks by entering into a Catholic Partnership with Sacred Heart School and St Thomas the Apostle College, to provide managerial support to the Academy. An Interim Management Board was also created in April 2016 to replace the Governing Body. In Sep 2018 a new Governing Body was formed and most of the IMB members joined ensuring the levels of experience and expertise were maintained. These measures have impacted positively on the Academy's performance as evidenced by the Good Ofsted judgement in October 2019, continuing excellent external examination results and increasing in numbers at secondary transfer. Pupil numbers, particularly in the primary phase remains a risk but the strong marketing of the academy along with strong outcomes is mitigating the risk.
- **Staff recruitment and retention risk:** Given the risks identified above, a further risk notified is the recruitment and retention of staff. It is increasingly important that recruitment is geared towards those suitably qualified to maintain and improve on the Academy's results. To address this, the Academy's human resource team consistently adopt rigorous employee vetting procedures such as Disclosure Barring Service checks, securing references from previous employers, and occupational health checks as part of pre-employment procedures. The Academy also implements a performance appraisal system that ensures that high performance is recognised and rewarded accordingly. Regular one to ones and CPD programmes are in place to promote job satisfaction within the Academy. Partnerships have also been formed with Teach First and local universities so that the Academy can train their own staff.

ST MATTHEW ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Plans for future periods

This year as we recover from the impact of Covid we will continue to focus on embedding our ethos and culture as a foundation for continuing to improve standards in all areas. St Mathew Academy will provide the very best opportunities for its pupils. We will enable them to gain the academic qualifications and social skills that will give them choices in the future, increase their cultural capital and make them socially mobile. Our pupils deserve the best teaching and we insist on the highest standards of behaviour and learning. We will ensure our pupils believe in themselves and have faith in their ability. It is crucial that our staff and parents also share this belief.

That said the focus for our improvement plan is inevitably on classroom practice. Planning, teaching and marking to consistently high levels are essential attributes for all our teachers and it is the main role of all leaders to enable this to take place each and every lesson. There are no short cuts and we will have to work hard consistently and collectively to challenge our pupils.

As one body, including our valued support staff, we will approach the next year with determination and confidence. Although our challenges are demanding, we feel we have the necessary expertise and work ethic amongst our staff to overcome them. All of our staff has something in common. We all care about our pupils and are determined to give them a better future. With this core value in place, we can work together to achieve a common goal.

The Academy improvement plan has 7 key priorities.

- To develop all pupil's and all staff's appreciation for, understanding of and active participation in the Catholic Life and mission of the school
- To ensure the Curriculum 2020 vision is fully embedded and planned cohesively and collaboratively across all phases
- To ensure all groups of pupils make more than expected progress by ensuring quality first teaching for every child and intervention is in place where needed
- To promote the highest standards of behaviour within the academy and beyond
- To ensure strong personal development for all pupils through a rich offer of curricular and enrichment opportunities
- To ensure leaders at all levels are able to play their part in leading the future growth of SMA as it becomes a great school serving the local community.
- To ensure that all EYFS pupils have access to high quality teaching across all areas of the curriculum resulting in enriched, culturally diverse and immersive experiential learning.

Auditor

In so far as the Trustees are aware:

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

The auditor, Azets Audit Services, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 07 December 2021 and signed on its behalf by:

P Barber
Chair

ST MATTHEW ACADEMY

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

Scope of responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Headteacher, 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 St Matthew Academy and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustees	Meetings attended	Out of possible
P Barber (Chair)	6	7
M Baldwin (Accounting Officer)	7	7
C Browne Marke	7	7
A Butler	5	7
C Cava	3	7
J Forrest	7	7
G Grabowski	4	7
A Halmos	6	7
J Johnson	5	7
E Mascellani (Resigned 2 November 2021)	1	7
M Peters	7	7
H Vyas	5	7

In April 2016 an Interim Management Board was put into place following the collapse of the governing body. A permanent Governing Board was selected in September 2019 and most of the IMB members joined ensuring the levels of experience and expertise were maintained.

This being the third full operational year for the new Governing Body there will be an evaluation of the effectiveness and impact of the board of trustees. The Governing Body have conducted an internal skills audit and designated a trustee to be responsible for all governor training. This will enable all trustees to fully understand the obligations of their role and through training to develop their expertise in identified areas.

The Resources committee is a sub-committee of the main governing body. Its purpose is to monitor the financial performance of the Academy by reviewing monthly management accounts, reviewing the adequacy of cash resources through rolling cash flow forecasts, to monitor and approve capital expenditure and to receive the termly reports of the Internal Auditor.

ST MATTHEW ACADEMY

GOVERNANCE STATEMENT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
P Barber (Chair)	2	3
M Baldwin (Accounting Officer)	3	3
C Browne Marke	3	3
A Butler	3	3
J Forrest	3	3
G Grabowski	2	3
A Halmos	3	3

Review of value for money

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

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- The support staff structure at the Academy was reviewed and restructured to reduce costs and reflect the future needs of the Academy;
- A review has been undertaken of existing Academy contracts with the aim of reducing costs through appropriate tendering and contract management arrangements;
- The general ledger has been upgraded with associated streamlining of processes and procedures for the production of timely and accurate accounting information
- Financial Regulations require all budget holders to have regard for value for money in purchasing for purchases over £10,000 this requires specific procedures to be followed and evidence retained

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in St Matthew Academy for the period 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 board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 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 board of Trustees.

ST MATTHEW ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The risk and control framework

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

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

The Governing body has considered the need for a specific internal audit function and has decided not to appoint a Responsible Officer. However, the Trustees have appointed Mr MH Mortimer as Internal Auditor. The Internal Auditor's role includes giving advice on financial matters and performing a range of checks on the academy Trust's financial systems. Once a year, the Internal Auditor reports to the Resources Committee on the operation of the systems of control and on the discharge of the governing Body's financial responsibilities. A copy of the report is submitted to the Trustees for information.

The Internal Auditor undertook one visit to the Academy during 2020/21. Testing was undertaken on the following systems:

- Credit Card procedures and expenditure
- Income
- Purchases / Tenders
- Accounting Systems

The Internal Auditor reported that the results of the testing undertaken was satisfactory and that no major systems weaknesses have been identified. It was also reported that the process of fully implanting the accounting system had progressed and is working well. He will return in November 2021 to conduct a review on Payroll and contracts.

Review of effectiveness

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

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Board of Trustees on 07 December 2021 and signed on its behalf by:

P Barber
Chair

M Baldwin
Accounting Officer

ST MATTHEW ACADEMY

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE *FOR THE YEAR ENDED 31 AUGUST 2021*

As accounting officer of St Matthew Academy, I have considered my responsibility to notify the academy trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

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

M Baldwin
Accounting Officer

07 December 2021

ST MATTHEW ACADEMY

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2021

The trustees (who are also the directors of St Matthew Academy for the purposes of company law) are responsible for preparing the Trustees' report and the accounts in accordance with the Academies Accounts Direction 2020 to 2021 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 accounts for each financial year. Under company law, the Trustees must not approve the accounts 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 accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements 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 accounts; and
- prepare the accounts 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 accounts 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 that 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 accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 07 December 2021 and signed on its behalf by:

P Barber
Chair

ST MATTHEW ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST MATTHEW ACADEMY FOR THE YEAR ENDED 31 AUGUST 2021

Opinion

We have audited the accounts of St Matthew 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 notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company'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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021.

Basis for opinion

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

Conclusions relating to going concern

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 trust'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 Trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

ST MATTHEW ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST MATTHEW ACADEMY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the Trustees' report including the incorporated strategic report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report, including the incorporated 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 accounts 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 statement of Trustees' responsibilities, the Trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the accounts

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

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.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we 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. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

ST MATTHEW ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST MATTHEW ACADEMY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of senior leadership, Governors/Trustees and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations including compliance with the Academies Accounts Directio2 2020 to 2021 issued by the Education and Skills Funding Agency;
- Performing audit work over the recognition of grant income and the allocation of expenditure to funds;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

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. 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.

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company'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 charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michelle Wilkes FCA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services

15 December 2021

Chartered Accountants
Statutory Auditor

Greytown House
221-227 High Street
Orpington
Kent
United Kingdom
BR6 0NZ

ST MATTHEW ACADEMY

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ST MATTHEW ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2021

In accordance with the terms of our engagement letter dated 5 October 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 St Matthew Academy during the period 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 St Matthew Academy and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the St Matthew Academy 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 St Matthew Academy and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of St Matthew Academy's accounting officer and the reporting accountant

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.

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 period 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.

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 trust's income and expenditure.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

ST MATTHEW ACADEMY

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ST MATTHEW ACADEMY AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 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 □

Reporting Accountant

Azets Audit Services
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ
United Kingdom

Dated □ 15 December 2021

ST MATTHEW ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	Unrestricted funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total 2021 £'000	Total 2020 £'000
Income and endowments from:						
Donations and capital grants	4	-	7	43	50	23
Charitable activities						
- Funding for educational operations	5	-	7,766	-	7,766	7,095
Other trading activities	6	162	-	-	162	152
Investments	7	-	-	-	-	2
Total		162	7,773	43	7,978	7,272
Expenditure on:						
Charitable activities						
- Educational operations	9	28	8,411	714	9,153	8,444
Total	8	28	8,411	714	9,153	8,444
Net income/(expenditure)		134	(638)	(671)	(1,175)	(1,172)
Transfers between funds	17	(61)	79	(18)	-	-
Other recognised gains/(losses)						
Actuarial (losses) gains on defined benefit pension schemes	19	-	(659)	-	(659)	450
Net movement in funds		73	(1,218)	(689)	(1,834)	(722)
Reconciliation of funds						
Total funds brought forward		685	(1,259)	24,468	23,894	24,616
Total funds carried forward		758	(2,477)	23,779	22,060	23,894

ST MATTHEW ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2021

Comparative year information Year ended 31 August 2020	Notes	Unrestricted	Restricted funds:		Total
		funds £'000	General £'000	Fixed asset £'000	2020 £'000
Income and endowments from:					
Donations and capital grants	4	4	-	19	23
Charitable activities					
- Funding for educational operations	5	-	7,095	-	7,095
Other trading activities	6	152	-	-	152
Investments	7	2	-	-	2
Total		158	7,095	19	7,272
Expenditure on:					
Charitable activities					
- Educational operations	9	10	7,723	711	8,444
Total	8	10	7,723	711	8,444
Net income/(expenditure)		148	(628)	(692)	(1,172)
Transfers between funds	17	-	19	(19)	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	19	-	450	-	450
Net movement in funds		148	(159)	(711)	(722)
Reconciliation of funds					
Total funds brought forward		537	(1,100)	25,179	24,616
Total funds carried forward		685	(1,259)	24,468	23,894

ST MATTHEW ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2021

		2021		2020	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	13		23,779		24,468
Current assets					
Debtors	14	607		444	
Cash at bank and in hand		823		987	
		<u>1,430</u>		<u>1,431</u>	
Current liabilities					
Creditors <input type="checkbox"/> amounts falling due within one year	15	(672)		(530)	
Net current assets			<u>758</u>		<u>901</u>
Net assets excluding pension liability			<u>24,537</u>		<u>25,369</u>
Defined benefit pension scheme liability	19		(2,477)		(1,475)
Total net assets			<u>22,060</u>		<u>23,894</u>
Funds of the academy trust:					
Restricted funds	17				
- Fixed asset funds			23,779		24,468
- Restricted income funds			-		216
- Pension reserve			(2,477)		(1,475)
Total restricted funds			<u>21,302</u>		<u>23,209</u>
Unrestricted income funds	17		<u>758</u>		<u>685</u>
Total funds			<u>22,060</u>		<u>23,894</u>

The financial statements set out on pages 20 to 43 were approved by the Board of Trustees and authorised for issue on 07 December 2021 and are signed on its behalf by

P Barber
Chair

Company Number 05144640

ST MATTHEW ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

		2021		2020	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash used in operating activities	20		(207)		(591)
Cash flows from investing activities					
Dividends, interest and rents from investments		-		2	
Capital grants from DfE Group		43		19	
		<u>43</u>		<u>19</u>	
Net cash provided by investing activities			<u>43</u>		<u>21</u>
Net decrease in cash and cash equivalents in the reporting period			(164)		(570)
Cash and cash equivalents at beginning of the year			<u>987</u>		<u>1,557</u>
Cash and cash equivalents at end of the year			<u><u>823</u></u>		<u><u>987</u></u>

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

St Matthew Academy is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the Trustees' report.

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

The accounts of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

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

1.3 Income

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

Grants

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

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

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

Donations

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

Other income

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

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Donated goods, facilities and services

The value of donated services and gifts in kind provided to the academy trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's policies.

Interest receivable

Interest receivable is included within the statement of financial activities on a receivable basis.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

1.5 Tangible fixed assets and depreciation

Tangible fixed assets acquired since the Academy was established are included in the financial statements at cost. Assets costing less than £1,000 are written off in the period of acquisition. All other assets are capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (in the Statement of Financial Activities and carried forward in the balance sheet). The depreciation on such assets is charged to the restricted fund in the Statement of Financial Activities.

The academy has a 125 year lease from conversion on the buildings with Southwark diocese.

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

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

Leasehold property	2%
Computer equipment	25%
Fixtures, fittings & equipment	10%
Plant & motor vehicles	10%

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.

1.6 Liabilities

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

1.7 Leased assets

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

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. 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. 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.

1.9 Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 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.

1.10 Pensions benefits

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

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

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

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

1.11 Fund accounting

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

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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.

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

2 Critical accounting estimates and areas of judgement

(Continued)

Critical areas of judgement

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

Bad debts

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the academy trust was subject to limits at 31 August 2021 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2021.

4 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Total 2020 £'000
Capital grants	-	43	43	19
Other donations	-	7	7	4
	<u>-</u>	<u>50</u>	<u>50</u>	<u>23</u>

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

5 Funding for the academy trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Total 2020 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	6,454	6,454	5,989
Other DfE / ESFA grants:				
UIFSM	-	16	16	20
Pupil premium	-	466	466	480
Teachers pension grants	-	206	206	200
Teachers pay grants	-	73	73	71
Rates	-	67	67	67
Others	-	107	107	23
	<u>-</u>	<u>7,389</u>	<u>7,389</u>	<u>6,850</u>
	<u>-</u>	<u>7,389</u>	<u>7,389</u>	<u>6,850</u>
Other government grants				
Local authority grants	-	258	258	225
	<u>-</u>	<u>258</u>	<u>258</u>	<u>225</u>
	<u>-</u>	<u>258</u>	<u>258</u>	<u>225</u>
Exceptional government funding				
Coronavirus exceptional support	-	-	-	20
Other Coronavirus funding	-	119	119	-
	<u>-</u>	<u>119</u>	<u>119</u>	<u>20</u>
	<u>-</u>	<u>119</u>	<u>119</u>	<u>20</u>
	<u>-</u>	<u>119</u>	<u>119</u>	<u>20</u>
Total funding	<u>-</u>	<u>7,766</u>	<u>7,766</u>	<u>7,095</u>
	<u>-</u>	<u>7,766</u>	<u>7,766</u>	<u>7,095</u>

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

The academy received £81k in Covid catch up grant, this was all spent in the year on:

- Training and coaching for staff to improve their pedagogy of learning and practice in the classroom
- Investment in IT to support remote learning
- Targeted academic support
- Wider strategies to support the well-being of pupils

Also included in other coronavirus funding is a Mass testing grant of £38k.

Last year the funding received for coronavirus exceptional support covered £20k of premises and cleaning costs. These costs are included in notes 8 and 9 below as appropriate.

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

6 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Total 2020 £'000
Catering income	146	-	146	133
Other income	16	-	16	19
	<u>162</u>	<u>-</u>	<u>162</u>	<u>152</u>

7 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Total 2020 £'000
Short term deposits	-	-	-	2
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>

8 Expenditure

	Staff costs £'000	Non-pay expenditure		Total 2021 £'000	Total 2020 £'000
		Premises £'000	Other £'000		
Academy's educational operations					
- Direct costs	5,588	641	225	6,454	5,729
- Allocated support costs	1,049	728	922	2,699	2,715
	<u>6,637</u>	<u>1,369</u>	<u>1,147</u>	<u>9,153</u>	<u>8,444</u>

Net income/(expenditure) for the year includes:

	2021 £'000	2020 £'000
Fees payable to auditor for:		
- Audit	12	11
- Other services	3	3
Depreciation of tangible fixed assets	689	711
Net interest on defined benefit pension liability	27	33
	<u>721</u>	<u>758</u>

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

9 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Total 2020 £'000
Direct costs				
Educational operations	4	6,450	6,454	5,729
Support costs				
Educational operations	24	2,675	2,699	2,715
	<u>28</u>	<u>9,125</u>	<u>9,153</u>	<u>8,444</u>
			2021	2020
			£'000	£'000
Analysis of support costs				
Support staff costs			1,049	1,052
Depreciation			48	70
Technology costs			75	80
Premises costs			680	692
Legal costs			7	5
Other support costs			824	795
Governance costs			16	21
			<u>2,699</u>	<u>2,715</u>

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

10 Staff

Staff costs

Staff costs during the year were:

	2021 £'000	2020 £'000
Wages and salaries	4,831	4,221
Social security costs	492	447
Pension costs	1,233	1,046
Staff costs - employees	6,556	5,714
Agency staff costs	81	210
Staff restructuring costs	-	25
Staff development and other staff costs	6,637	5,949
	34	10
Total staff expenditure	6,671	5,959

Staff restructuring costs comprise:

Redundancy payments	-	25
---------------------	---	----

Staff numbers

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

	2021 Number	2020 Number
Teachers	64	56
Administration and support	54	62
Management	14	11
	132	129

Higher paid staff

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

	2021 Number	2020 Number
£60,000 to £70,000	2	6
£70,001 to £80,000	6	4
£80,001 to £90,000	2	-
£110,001 to £120,000	-	1
£120,001 to £130,000	1	-

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

10 Staff

(Continued)

Key management personnel

The key management personnel of the academy trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer national insurance and pension contributions) received by key management personnel for their services to the academy trust was £1,282k (2020: £1,014k). Taking into account inflationary salary increases, the increase in costs was primarily due to the recruitment of an additional Deputy Headteacher. This has enabled the Academy to maintain senior leadership mobility and capacity including the catholic life of the Academy.

11 Trustees' remuneration and expenses

Three Trustees have been paid remuneration or have received other benefits from an employment with the academy trust. The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff members under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the academy trust in respect of their role as Trustees.

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

M Baldwin (Accounting Officer)

- Remuneration £120,001 - £125,000 (2020: £115,001 - £120,000)
- Employer's pension contributions £25,001 - £30,000 (2020: £25,001 - £30,000)

H Vyas (staff):

- Remuneration £55,001 - £60,000 (2020: £50,001 - £55,000)
- Employer's pension contributions £10,001 - £15,000 (2020: £10,001 - £15,000)

During the year, no expense payments were reimbursed to Trustees (2020: None).

Other related party transactions involving the Trustees are set out within the related parties note.

12 Trustees' and officers' insurance

The academy trust has opted into the Department for Education's Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust 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.

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

13 Tangible fixed assets

	Leasehold property	Computer equipment	Fixtures, fittings & equipment	Plant & motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 September 2020 and 31 August 2021	32,040	2,151	2,134	126	36,451
Depreciation					
At 1 September 2020	7,706	2,124	2,067	86	11,983
Charge for the year	641	21	21	6	689
At 31 August 2021	8,347	2,145	2,088	92	12,672
Net book value					
At 31 August 2021	23,693	6	46	34	23,779
At 31 August 2020	24,334	27	67	40	24,468

14 Debtors

	2021 £'000	2020 £'000
Trade debtors	258	207
VAT recoverable	90	65
Other debtors	5	4
Prepayments and accrued income	254	168
	607	444

15 Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	313	178
Other taxation and social security	137	117
Other creditors	106	94
Accruals and deferred income	116	141
	672	530

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

16 Deferred income

	2021 £'000	2020 £'000
Deferred income is included within:		
Creditors due within one year	36	31
	<u> </u>	<u> </u>
Deferred income at 1 September 2020	31	20
Released from previous years	(31)	(20)
Resources deferred in the year	36	31
	<u> </u>	<u> </u>
Deferred income at 31 August 2021	36	31
	<u> </u>	<u> </u>

At the balance sheet date the Academy Trust was holding funds received in advance for universal infant free school meals, dinner money, trip grant and Devolved Capital Funding relating to financial year 2021/22

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

17 Funds

	Balance at 1 September 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2021 £'000
Restricted general funds					
General Annual Grant (GAG)	216	6,454	(6,749)	79	-
UIFSM	-	16	(16)	-	-
Pupil premium	-	466	(466)	-	-
Teachers pension grants	-	206	(206)	-	-
Teachers pay grants	-	73	(73)	-	-
Rates	-	67	(67)	-	-
Other DfE / ESFA grants	-	107	(107)	-	-
Other government grants	-	258	(258)	-	-
Covid support grants	-	119	(119)	-	-
Other restricted funds	-	7	(7)	-	-
Pension reserve	(1,475)	-	(343)	(659)	(2,477)
	<u>(1,259)</u>	<u>7,773</u>	<u>(8,411)</u>	<u>(580)</u>	<u>(2,477)</u>
Restricted fixed asset funds					
DfE group capital grants	-	43	(25)	(18)	-
General fixed assets	24,468	-	(689)	-	23,779
	<u>24,468</u>	<u>43</u>	<u>(714)</u>	<u>(18)</u>	<u>23,779</u>
Total restricted funds	<u>23,209</u>	<u>7,816</u>	<u>(9,125)</u>	<u>(598)</u>	<u>21,302</u>
Unrestricted funds					
General funds	685	162	(28)	(61)	758
	<u>685</u>	<u>162</u>	<u>(28)</u>	<u>(61)</u>	<u>758</u>
Total funds	<u>23,894</u>	<u>7,978</u>	<u>(9,153)</u>	<u>(659)</u>	<u>22,060</u>

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

General Annual Grant: Income received from the ESFA to cover the normal running costs of the Academy.

Pupil Premium, Teachers Pension Grants, Teachers Pay Grants, Rates: Income received from the ESFA as described.

Other DfE/ESFA grants: This includes money due for summer school, national tutors, PE/Sport grant and additional funding received for free school meals.

Other government grants: This includes SEN funding, and additional pupil premium.

Covid funding: Amounts received from the ESFA for Catch Up and Mass Testing.

The transfer of funds relate to the purchase of non capital equipment during the year.

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

17 Funds

(Continued)

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

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
General Annual Grant (GAG)	493	5,989	(6,285)	19	216
UIFSM	-	20	(20)	-	-
Pupil premium	-	480	(480)	-	-
Teachers pension grants	-	200	(200)	-	-
Teachers pay grants	-	71	(71)	-	-
Rates	-	67	(67)	-	-
Other DfE / ESFA grants	-	43	(43)	-	-
Other government grants	-	225	(225)	-	-
Pension reserve	(1,593)	-	(332)	450	(1,475)
	<u>(1,100)</u>	<u>7,095</u>	<u>(7,723)</u>	<u>469</u>	<u>(1,259)</u>
Restricted fixed asset funds					
DfE group capital grants	-	19	-	(19)	-
General fixed assets	25,179	-	(711)	-	24,468
	<u>25,179</u>	<u>19</u>	<u>(711)</u>	<u>(19)</u>	<u>24,468</u>
Total restricted funds	<u>24,079</u>	<u>7,114</u>	<u>(8,434)</u>	<u>450</u>	<u>23,209</u>
Unrestricted funds					
General funds	537	158	(10)	-	685
	<u>537</u>	<u>158</u>	<u>(10)</u>	<u>-</u>	<u>685</u>
Total funds	<u>24,616</u>	<u>7,272</u>	<u>(8,444)</u>	<u>450</u>	<u>23,894</u>

18 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2021 are represented by:				
Tangible fixed assets	-	-	23,779	23,779
Current assets	758	672	-	1,430
Creditors falling due within one year	-	(672)	-	(672)
Defined benefit pension liability	-	(2,477)	-	(2,477)
	<u>758</u>	<u>(2,477)</u>	<u>23,779</u>	<u>22,060</u>
Total net assets	<u>758</u>	<u>(2,477)</u>	<u>23,779</u>	<u>22,060</u>

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

18 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	24,468	24,468
Current assets	685	746	-	1,431
Creditors falling due within one year	-	(530)	-	(530)
Defined benefit pension liability	-	(1,475)	-	(1,475)
Total net assets	685	(1,259)	24,468	23,894

19 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £109k (2020: £94k) were payable to the schemes at 31 August 2021 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

19 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- 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. The 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 the TPS in the period amounted to £714k (2020: £550k).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website.

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 24.3% for employers and 5.5% to 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £199k.

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.

Total contributions made	2021	2020
	£'000	£'000
Employer's contributions	199	190
Employees' contributions	69	60
	<hr/>	<hr/>
Total contributions	268	250
	<hr/> <hr/>	<hr/> <hr/>

Principal actuarial assumptions	2021	2020
	%	%
Rate of increase in salaries	3.6	2.9
Rate of increase for pensions in payment/inflation	2.9	2.2
Discount rate for scheme liabilities	1.65	1.7
Inflation assumption (CPI)	2.9	2.2
	<hr/> <hr/>	<hr/> <hr/>

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

19 Pension and similar obligations

(Continued)

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	21.4	20.9
- Females	24	23.5
Retiring in 20 years		
- Males	22.4	22.2
- Females	25.8	24.8
	=====	=====
	2021	2020
	£'000	£'000
Discount rate - 0.5%	253	1011
Salary rate + 0.5%	7	29
Pension rate + 0.5%	243	970
	=====	=====
Defined benefit pension scheme net liability	2021	2020
	£'000	£'000
Scheme assets	7,882	6,539
Scheme obligations	(10,359)	(8,014)
	=====	=====
Net liability	(2,477)	(1,475)
	=====	=====
The academy trust's share of the assets in the scheme	2021	2020
	Fair value	Fair value
	£'000	£'000
Equities	4,966	4,381
Bonds	1,892	1,569
Property	473	458
Other assets	551	131
	=====	=====
Total market value of assets	7,882	6,539
	=====	=====

The actual return on scheme assets was £1,148,000 (2020: £193,000).

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

19 Pension and similar obligations	(Continued)	
Amount recognised in the statement of financial activities	2021	2020
	£'000	£'000
Current service cost	515	489
Interest income	(113)	(119)
Interest cost	140	152
	<hr/>	<hr/>
Total operating charge	542	522
	<hr/> <hr/>	<hr/> <hr/>
Changes in the present value of defined benefit obligations		2021
		£'000
At 1 September 2020		8,014
Current service cost		515
Interest cost		140
Employee contributions		69
Actuarial loss/(gain)		1,694
Benefits paid		(73)
		<hr/>
At 31 August 2021		10,359
		<hr/> <hr/>
Changes in the fair value of the academy trust's share of scheme assets		2021
		£'000
At 1 September 2020		6,539
Interest income		113
Actuarial gain		1,035
Employer contributions		199
Employee contributions		69
Benefits paid		(73)
		<hr/>
At 31 August 2021		7,882
		<hr/> <hr/>

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

20 Reconciliation of net expenditure to net cash flow from operating activities

	2021 £'000	2020 £'000
Net expenditure for the reporting period (as per the statement of financial activities)	(1,175)	(1,172)
Adjusted for:		
Capital grants from DfE and other capital income	(43)	(19)
Investment income receivable	-	(2)
Defined benefit pension costs less contributions payable	316	299
Defined benefit pension scheme finance cost	27	33
Depreciation of tangible fixed assets	689	711
(Increase) in debtors	(163)	(213)
Increase/(decrease) in creditors	142	(228)
Net cash used in operating activities	(207)	(591)

21 Analysis of changes in net funds

	1 September 2020 £'000	Cash flows £'000	31 August 2021 £'000
Cash	987	(164)	823

22 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Education Funding Agency the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

During the year the Academy received notification from the diocese asking for repayment of an agreed sum of £700k. The initial documentation received with this money suggested this was a grant and not a loan. The Academy is seeking advice from a firm of solicitors and the outcome is unknown at the date of signing the accounts.

ST MATTHEW ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

23 Long-term commitments, including operating leases

At 31 August 2021 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £'000	2020 £'000
Amounts due within one year	17	17
Amounts due in two and five years	1	18
	<u>18</u>	<u>35</u>

24 Related party transactions

Owing to the nature of the Academy's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account, other than certain trustees' remuneration already disclosed in note 11.

25 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.