

The Bay Learning Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year Ended 31st August 2020

The Bay Learning Trust
Annual Report and Financial Statements
Year Ended 31st August 2020

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The Bay Learning Trust

Reference and Administrative Details

Year Ended 31st August 2020

Members

Prof J Crewdson
Mr S Whittaker
Rev C Newlands
Prof C J Carr
Rt Revd Dr J Duff

Trustees

Mr B Ardern
Rev Canon P Ballard
Mr P Boustead (appointed 26th May 2020)
Mrs D Cheetham
Prof J Crewdson (Chairman)
Mr M Dudfield
Mrs N Gomersall
Mr C Hopkinson (appointed 26th May 2020)
Mrs S Kenyon (Accounting Officer, appointed 1st September 2020)
Mrs E Nicholls (Accounting Officer, retired 31st August 2020)
Mrs J Watson
Mr R Webb
Mrs V Wilson

The Bay Learning Trust Executive Team

Mrs E Nicholls (CEO and Acting Principal of Ripley St Thomas CE Academy from 21st January 2020 to 31st August 2020, retired 31st August 2020)
Mrs S Kenyon (CEO, appointed 1st September 2020)
Mrs C Walmsley (Principal, Ripley St Thomas CE Academy from 1st September 2020)
Mrs G Jackson (Principal, Ripley St Thomas CE Academy from 1st September 2019 to 20th January 2020)
Mrs V Michael (Principal of Morecambe Bay Academy)
Mr T Iddon (Principal of Carnforth High School)
Mrs N Hall (Principal of Central Lancaster High School until 29th October 2019)
Mrs V O'Farrell (Acting Principal of Central Lancaster High School from 30th October 2019 to 19th April 2020)
Dr N Walmsley (Principal of Central Lancaster High School from 20th April 2020)
Mr A McKinnell (Finance Director)
Mr I Gomersall (Director of Operations)
Mrs J Bostock (Director of Teaching School)
Mrs L Winston (Clerk to the Trust)

(Continued)

The Bay Learning Trust

Reference and Administrative Details

Year Ended 31st August 2020

Principal and Registered Office	The Lodge Ashton Road Lancaster LA1 4RR
Company Registration Number	07588464
Independent Auditor	CWR Chartered Accountants 20 Mannin Way Lancaster Business Park Caton Road Lancaster LA1 3SW
Bankers	Lloyds Bank PLC 49 Market Street Lancaster LA1 1JH
Solicitors	Hill Dickinson No 1 St Paul's Square Liverpool L3 9SJ

The Bay Learning Trust

Trustees' Report

Year Ended 31st August 2020

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

The trust operates four academies for pupils aged 11-18 in Lancaster, Lancashire; Ripley St Thomas Church of England Academy, Carnforth High School, Morecambe Bay Academy and from 1st October 2019, Central Lancaster High School.

1. Structure, Governance and Management

1.1 Constitution

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

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

1.2 Members' Liability

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

1.3 Trustees' Indemnities

The trustees' are indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. The limit of this indemnity is £10,000,000 (note 11).

1.4 Method of Recruitment and Appointment or Election of Trustees

The Members appoint a minimum of 7 trustees. In addition the trustees may appoint up to 6 co-opted trustees.

1.5 Policies and Procedures Adopted for the Induction and Training of Trustees.

Newly appointed trustees are provided with recent minutes and other key documents prior to an induction session with the CEO and Chair of Trustees. The trustees have access to training, and, where appropriate, trustee meeting agendas include a focus item on key issues.

1.6 Organisational Structure

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

The Bay Learning Trust Executive Team consists of the Chief Executive Officer, Principal of Ripley St Thomas CE Academy, Principal of Carnforth High School, Principal of Central Lancaster High School and Principal of Morecambe Bay Academy, Finance Director, Director of Operations, Director of Teaching School, and the Clerk to the Trust. These leaders control the trust at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group the Trust Executive Team is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Executive Team always contain a trustee.

(Continued)

The Bay Learning Trust

Trustees' Report

Year Ended 31st August 2020

1.7 Arrangements for Setting Pay and Remuneration of Key Management Personnel

Arrangements for setting pay and remuneration are set out in the Trust Pay Policy.

1.8 Related Parties and Other Connected Charities and Organisations

There are no connected organisations in the year. Related party transactions are disclosed in note 28 to the accounts.

1.9 Engagement with Employees (including disabled persons)

The trust has around 500 employees engaged across the four trust schools. In addition the trust has 8 Central Team employees.

In the main, the Principals and senior leaders in each school communicate with staff, holding regular staff meetings, which, due to ongoing COVID restrictions, have occurred both virtually and face-to-face in smaller, socially distanced groups. Staff also receive weekly bulletins from senior leaders regarding issues arising in school.

Prior to the COVID restrictions, half-termly subject specific networking groups had been established to allow for the sharing of good practice and ideas across staff in all Trust schools. In addition, School Business Managers and HR networking meetings were arranged to discuss common issues and problems arising to enable collaboration on solutions and new projects. These networking groups have been disrupted by the global pandemic but will be re-established in the Autumn Term.

The trust is committed to ensuring good relationships develop and are maintained with recognised Trade Unions. A Trade Union Recognition Agreement was finalised in March 2018 and regular meetings of the Joint Consultation and Negotiation Committee (JCNC) have taken place since then. The JCNC has been consulted on Trust HR policies and staff issues and since the start of the COVID-19 restrictions have been closely consulted regarding the wider opening of Trust schools, risk assessments and the protection of clinically vulnerable members of staff. There have also been regular consultation meetings with staff and members of Trade Unions at a local level.

The trust intends to carry out a staff survey in the Autumn Term and responses will be considered at both trust and school level.

Staff are engaged in discussions regarding the educational performance of their students. Key information about this and other performance information is published on each Trust school website.

The trust is committed to promoting equality of opportunity for all staff and job applicants as set out in its Equal Opportunities Policy, which is published on the trust website. The trust has established an equality statement and objectives with due regard to relevant statutory provisions and guidance. Trust schools will be encouraged to consider and publish their own equality objectives based on their particular setting and context.

1.10 Engagement with suppliers, customers and others in a business relationship with the trust

The trust works with both internal and external stakeholders in accordance with the "Seven Principles of Public Life" these being: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership. The trust relies on external suppliers for the provision of key services and said suppliers are treated on the same basis to establish and maintain a good working relationship.

The trust's procurement procedure is dealt with in accordance with the provisions of its Financial Framework, which sets out the correct process to be followed and the relevant financial delegations applying across all trust academies. The trust aims to achieve best value for money and best price possible from all its suppliers given that a large proportion will be paid for with public funds. The trust is required to maintain the integrity of those funds whilst ensuring that a fair process is published and followed.

(Continued)

The Bay Learning Trust

Trustees' Report

Year Ended 31st August 2020

Communication with students and parents/carers has been established through use of an individual school's method of connecting students and parents to school, which includes email, text and use of web-based applications such as SCOPAY. These methods of communication have proved to be invaluable during the COVID-19 lockdown when, following government instruction, only small numbers of students were able to attend trust schools. Engagement with parents and students has been challenging this year but trust schools have sought to adapt and have provided virtual tours, virtual parents' evenings and other events, including the provision of on-line learning, where face-to-face interactions have not been possible.

The trust and all of its schools fall within the Lancashire County Council area which has responsibility for admissions to all secondary schools. Trust schools still 'buy-into' some services from the County Council and the Trust has, where appropriate, followed guidance issued by the County Council Medical Officer in its dealings with the wider opening of trust schools.

2. Objectives and Activities

2.1 Objects and Aims

The aim of the trust is to build a family of primary and secondary schools in the geographical area around Morecambe Bay that work closely together to secure an excellent education for all our young people. The trust will

- Provide value for money for the funds expended
- Comply with all appropriate statutory and curriculum requirements
- Conduct trust business in accordance with the highest standards of integrity, probity and openness

2.2 Objectives, Strategies and Activities

The trust's strategic objectives include:

- To improve and sustain high levels of school performance
- To develop a self-sustaining community that learns from each other and from the best available external practice
- To allow schools to focus on teaching and learning through a central team that supports them with finance, buildings and staffing
- To ensure that our schools remain financially sustainable
- To develop our premises to create the best possible learning environment

The trustees recognise that equal opportunities should be an integral part of all good practice within the workplace. The Academy Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

2.3 Public Benefit

The trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit is currently delivered by the trust through the maintenance and development of the high quality education provided by its academies.

In doing this, academies not only offer a broadly-based academic education but aim to educate the whole individual. A very wide range of extra-curricular activities, educational trips, visits and foreign trips is offered and undertaken.

(Continued)

The Bay Learning Trust

Trustees' Report

Year Ended 31st August 2020

Strategic report

3. Achievements and Performance

Results varied across the MAT schools with a number of areas of high performance. Action plans have been drawn up to ensure rapid improvement where necessary. Significant building work continues across all schools using the Capital Improvement Fund (CIF).

All schools have recruited a full complement of staff and we are delighted that our School Centred Initial Teacher Training provision (SCITT) recruited 31 secondary trainees and 5 primary trainees this year. This will provide a flow of well-trained staff into our schools across all curriculum areas and provide a high-quality recruitment pool for local primary schools.

Central Lancaster High School joined the Trust in October 2019. Collaboration across the trust is growing rapidly with subject areas and many support areas working together to support and learn from best practice. The Trust was named by the Regional School's Commissioner as the preferred sponsor for Castle View Primary School. Due Diligence is underway and the Trust has made a bid to formally support the school in the autumn term.

In March 2020 central government announced that England (and the other countries forming part of the United Kingdom) would be placed in lockdown in the fight against the novel COVID-19 virus. As part of the national measures, all schools were closed with only the children of key workers and those identified as vulnerable able to attend school. From this time onwards, trust schools were engaged in compiling COVID specific risk assessments, the provision of remote learning and preparing for the wider opening of trust schools. As part of this process, the trust obtained assistance and guidance from the trust H&S advisor, Compliance Education, which visited each school in order to assess the risk assessments and operational plans for trust schools to welcome back more students.

The provision of governance at both trust board and local level was a challenge with meetings initially postponed then taking place via a secure virtual method to enable strong governance to continue during the period of lockdown.

3.1 Key Performance Indicators

The trust continues to monitor the performance of its schools through termly dashboards and regular monitoring by the CEO, the Trust Improvement Director and the Trustees. Specialist resources are bought in as necessary. The progress at Central Lancaster High School on entry to the Trust was well below the national average. Progress remains below average at Morecambe, broadly average at Carnforth and above average at Ripley.

The trust operates in line with the requirements of its Funding Agreement with the Education and Skills Funding Agency (ESFA) and manages its reserves in line with the Trust's Financial Framework.

3.2 Going Concern

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

3.3 Promoting the Success of the Academy Trust

The trust provides systems, structures and external networks to support the work in the trust schools to enable them to prioritise their time on teaching, learning strategies and outcomes at their schools. The trust believes that this allows school leadership and local committees to focus on the needs of the students in their schools within a supportive framework.

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The Bay Learning Trust

Trustees' Report

Year Ended 31st August 2020

The trust works hard to ensure that each school environment is fit for purpose and that environmental impact is considered when decisions are made regarding trust infrastructure. Recent building projects at trust schools have used local and regional workforces and ecological standards have been observed.

The professional conduct of our trustees, governors, staff and visitors is of utmost importance to the trust. All are expected to abide by relevant codes of conduct and trust policy.

4. Financial Review

4.1 Operating and Financial Review

Most of the Academy's income is obtained from the DfE in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes; i.e. the objectives of the Academy. The GAG received during the period covered by this report and the associated expenditure is shown as restricted funds in the statement of financial activities.

On conversion to an academy on the 1st May 2011, all of the fixed assets of Ripley St Thomas CE Academy were transferred to the new Academy Trust, in June 2018 all of the assets of Carnforth High School were transferred to the new Academy Trust, in May 2019 all of the assets of Morecambe Community High School were transferred to the Academy Trust and in October 2019 all of the assets of Central Lancaster High School were transferred to the Academy Trust and are shown under transfers on conversion on the Statement of Financial Activities. The balance sheet restricted fixed asset fund is reduced by depreciation charges over the expected useful life of the assets concerned, as explained in note 1 to the Financial Statements.

Restricted expenditure for the period covered by this report was more than covered by the GAG received from the ESFA together with other restricted incoming resources.

At 31st August 2020 the trust held revenue fund balances of £4,040,000 (2019 - £3,127,000) comprising £3,379,000 of restricted general funds (2019 - £2,394,000) and £661,000 of unrestricted funds (2019 - £733,000). In addition to this the pension reserve shows a deficit of £9,188,000 (2019 - £7,756,000). The increase in funds represents the first full year since Morecambe joined the trust along with specific monies allocated to the trust to develop the Multi Academy Trust. This included Central Lancaster High School joining in the year, although this school has ran at a deficit for the first 11 months it has been a member.

The trustees are aware of the large deficit that the Local Government Pension Fund is reporting, (see note 27 to the Financial Statements) and are aware of the deficit recovery programme now in place.

4.2 Reserves Policy

The trustees review the reserve levels of each Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves.

Under its Funding Agreement with the Secretary of State for Education, The Bay Learning Trust is permitted to hold unlimited reserves at the year end.

The Trustees' Finance and Resources Committee has reviewed these reserve levels and believes that they should provide sufficient working capital to cover delays between spending and receipt of grants and to allow for unexpected emergencies. The Academy will maintain free reserves at a minimum level of 2% of GAG up to a maximum of 10% of GAG as an appropriate cushion. The aim is for the Academy Trust to build 5% of annual income as reserves.

As at 31st August 2020 the trustees consider that the trust's reserves of GAG and unrestricted funds held are satisfactory for the level of the trust's operations.

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The Bay Learning Trust

Trustees' Report

Year Ended 31st August 2020

4.3 Investment Policy

The trust aims to manage cash balances to provide the working capital required for its day-to-day operations, whilst protecting the long-term value of any surpluses against inflation. The trust therefore aims to invest surplus cash funds in a way that optimises returns whilst ensuring there is minimal risk of loss of these funds. In order to make the best use of surplus cash funds to generate additional income the trust must ensure the following objectives are met:

- Manage cash flow to ensure that sufficient cash balances are maintained in the current account to cover the working capital requirements of the trust.
- Ensure there is minimal risk to loss of the capital value of any cash funds invested by ensuring that the trust is only exposed to low risk investments.
- Protect the capital value of the invested funds against inflation.
- Ensure optimum returns on the funds invested.
- Ensure that income generated from investments is used for furthering the trust's aims.
- Investments must be placed with FSA registered companies.
- The CEO is responsible for the management of investments, with responsibility delegated to the Finance Director.

Regular cash flow forecasts are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll commitments and outstanding creditors due for payment.

Where cash flow forecasts indicate that a base level of cash funds will be surplus to the day-to-day requirements of the trust these funds may be invested following approval by **the Finance and Resources Committee**.

In making decisions with regard to investment options the Finance Director will compare interest rates and returns across the market to ensure the trust is getting a fair return, having due regard for the economic situation at that time.

In general, the cash shall be invested in short term investment accounts, with an average duration of less than one year. Proposals for longer term investments would need further approval of **the Finance and Resources Committee**.

4.4 Principal Risks and Uncertainties

The continuing existence of the trust can best be guaranteed by the standards of education at the trust schools; school improvement therefore remains our top priority. Anything less than oversubscription could signal the beginning of financial and educational problems. Two of the trust schools were oversubscribed in year 7. Work continues on increasing numbers at the other two trust schools.

The trust maintains its three sixth forms at present, with Carnforth High School sixth form scheduled to close on 31st August 2021. It will be important to assess sixth form provision across the trust in the next year to ensure that sixth form education is viable and it is not impacting on students pre-16 in each school.

4.5 Risk Management

The trustees have assessed the major risks to which the Academy is exposed. The trustees have implemented a number of systems to assess risks in the operational areas of the Academy and in relation to the control of finance. A Risk Register has been completed and is reviewed annually.

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.

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The Bay Learning Trust

Trustees' Report

Year Ended 31st August 2020

4.6 Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1st September 2019 to 31st August 2020

Energy consumption used to calculate emissions (kWh)	5,198,920
Energy consumption breakdown	
- Gas	3,443,496
- Electricity	1,737,101
- Transport fuel – mini-buses	12,194
- Transport fuel – employee owned vehicles	6,129
Scope 1 emissions in metric tonnes CO ₂ e	
- Gas consumption	633.2
- Owned transport – mini-buses	3.1
Total scope 1	636.3
Scope 2 emissions in metric tonnes CO ₂ e	
- Purchased electricity	405.0
Total scope 2	405.0
Scope 3 emissions in metric tonnes CO ₂ e	
- Business travel in employee owned vehicles	1.5
Total scope 3	1.5
Total gross emissions in metric tonnes CO₂e	1,042.8
Intensity ratio	
Tonnes CO₂e per pupil	0.253

Quantification and Reporting Methodology

This report was compiled independently by energy consultants Briar (Briar Consulting Engineers Limited). The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed to ensure the Streamlined Energy and Carbon Reporting ("SECR") requirements were met and exceeded where possible.

The energy data was collated from a combination of invoices and mileage records. The natural gas data for the one school was only available for September 19 to July 20, so the consumption was estimated based on a simple pro rata extrapolation.

The energy data was converted to carbon emissions using the 2020 UK Government GHG Conversion Factors for Company Reporting. The associated emissions are divided into mandatory and voluntary emissions according to the 2018 Regulations, then further divided into the direct combustion of fuels and the operation of facilities (scope 1), indirect emissions from purchased electricity (scope 2) and further indirect emissions that occur as a consequence of Trust activities (scope 3).

Intensity Measurement

The chosen primary intensity ratio is total gross emissions in metric tonnes CO₂e (mandatory emissions) per pupil (based on the Autumn census), which is the recommended ratio for the sector.

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The Bay Learning Trust

Trustees' Report

Year Ended 31st August 2020

Measures Taken to Improve Energy Efficiency

The management of resources and the need to embed sustainability is an important issue for the Trust and the following actions related to reducing energy use were implemented within the current reporting period.

Energy consumption is expected to be below typical this year due to the reduced occupancy across all sites following COVID-19 restrictions from 23rd March 2020. From this date, the schools were open to critical worker's children only, with a phased and partial reopening for certain year groups occurring in June.

A further result of health precautions has been the greater implementation of video conferencing for staff and board meetings, reducing the need for travel to and between sites. The emission saving resulting from these activities has not been quantified, but this practice has resulted in behaviour changes that are expected to continue for the foreseeable future.

Outside of the COVID-19 response, actions this year have been limited due to the coronavirus outbreak, these include:

- New high thermal insulation roof at Morecambe Bay, reducing the gas consumption on site.
- New double-glazed windows, further reducing the gas consumption.

5. Plans for Future Periods

The trust will continue to work to improve pupils' performance at all levels. Additionally, it will continue to review the curriculum content to ensure that there is sufficient breadth and depth and adapt staffing structures accordingly.

Ripley continues to provide good support for other schools through its role as a National Teaching School and to contribute towards the workforce through its role as a School Centred Initial Teacher Training (SCITT) provider. Our SCITT continues to grow in numbers and capacity. We now have an excellent programme in place to train primary teachers alongside secondary colleagues.

The trust continues to focus on delivering outstanding teaching and learning through ensuring all staff members are highly trained. It continues to pursue its ambition to raise achievement even further, working towards improved outcomes for our students in both terminal examinations and rates of progress. Directors and leaders retain a commitment to ensure all students have a high quality education.

The trust was named by the Regional School's Commissioner as the preferred sponsor for Castle View Primary School in Lancaster and will develop this role and relationship in the coming year.

6. 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 trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on10/12/20.....and signed on the board's behalf by:


.....
Prof J Crewdson
Chair of Trustees

They Bay Learning Trust

Governance Statement

Year Ended 31st August 2020

1. Scope of Responsibility

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

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

The Board of Trustees has delegated the day-to-day responsibility to the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Bay Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

2. Governance

The information on governance included here supplements that information described in the Trustees' Report and in the Statement of Trustees Responsibilities.

Trustees are allocated to one or more of three Committees which are as follows: Finance and Resources, Quality and Standards, and Audit, Other ad hoc committees are convened as and when needed. These committees meet on a regular termly cycle. Under the agreed Scheme of Delegation, each academy has a Local Governing Body with the required two parent representatives to support the work of the Board of Trustees.

Six financial updates are received by the Board of Trustees per year: three at the meetings of the Board of Trustees and three at the meetings of the Finance and Resources Committee.

The Board of Trustees has formally met five times during the period 1st September 2019 to 31st August 2020. Attendance at this meeting of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr B Arden	5	5
Rev Canon P Ballard	5	5
Mr P Boustead	2	2
Mrs D Cheetham	5	5
Prof J Crewdson (Chairman)	5	5
Mr M Dudfield	4	5
Mrs N Gomersall	5	5
Mr C Hopkinson	2	2
Mrs E Nicholls (Accounting Officer)	5	5
Mrs J Watson	2	5
Mr R Webb	5	5
Mrs V Wilson	5	5

Governance Review

Following a recent skills audit, the results of the audit were scrutinised for any gaps in the skills and experience of the current board. As a result of this, two additional Trustees have been appointed to the board bringing a wealth of experience in risk management and HR. The skills and experience of the current board will be reviewed again on a regular basis and, in particular, when the membership of the Board changes.

(Continued)

They Bay Learning Trust

Governance Statement

Year Ended 31st August 2020

The Finance and Resources Committee is a sub-committee of the Board of Trustees and formally met three times during the period 1st September 2019 to 31st August 2020. Trustee attendance during the year at meetings of the Finance and Resources Committee was as follows:

Trustee	Meetings attended	Out of a possible
Rev Canon P Ballard (Chair of Finance & Resources Committee)	3	3
Mr B Arden	1	3
Prof J Crewdson	3	3
Mr M Dudfield	3	3
Mr R Webb	3	3

3. Review of Value for Money

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

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

- **Benchmarking:** The Finance Director is a member of a regional group of 300 school and academy business managers. The group focuses on sharing best practice and comparing prices for goods and services. Collaborative purchasing opportunities have enabled the trust to obtain discounts on costs of a number of purchases. Financial benchmarking exercises carried out during the year, utilising professionally produced reports to compare key income and expenditure types with local and national academies of similar size and form indicate that our costs were below the median, across the board, and show that the strict budgeting and financial control has been effective.
- **Options appraisal:** The trust has clear systems for purchasing, with a hierarchy for purchasing decisions including trustee authorisation at the highest level. Purchases of goods and services valued at over £5,000 require three quotes, although in practice we generally obtain quotes for goods and services of much lower value, to ensure best value. Orders for all goods and services are authorised only after meeting the stringent procedures for obtaining value for money. Even relatively low value orders are intercepted by the School Business Managers or Director of Business & Finance if they are not considered to be cost-effective.
- **Negotiation:** The Finance Director and the School Business Managers have successfully driven down costs through determined negotiation with suppliers throughout the year. Quotations for goods and services have been routinely challenged and most prices have subsequently been reduced. Significant reductions have continued to be achieved in many cases.

4. The Purpose of the System of Internal Control

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

(Continued)

They Bay Learning Trust

Governance Statement

Year Ended 31st August 2020

5. Capacity to Handle Risk

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

6. The Risk and Control Framework

The 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 trustees;
- regular reviews by the Finance and 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, and;
- identification and management of risks.

The trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the trustees have appointed CWR, as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the trust's financial systems. On a quarterly basis, the RO reports to the trustees, through the Finance and Resources Committee on the operation of the systems of control and on the discharge of the trustees financial responsibilities. The RO function has been fully delivered in line with the ESFA's requirements and no material control issues arose as a result of the RO's work.

7. Review of Effectiveness

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

- the Board of Trustees;
- the Responsible Officer;
- Audit Committee
- external audit;
- 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 Finance and Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on10/12/20..... and signed on its behalf by:


.....
Prof J Crewdson
Chair of Trustees


.....
Mrs S Kenyon
Accounting Officer

The Bay Learning Trust

Statement on Regularity, Propriety and Compliance

Year Ended 31st August 2020

As Accounting Officer of The Bay Learning Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2019.

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


.....
Mrs S Kenyon
Accounting Officer

Date: 10 / 12 / 20

The Bay Learning Trust

Statement of Trustees' Responsibilities

Year Ended 31st August 2020

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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

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

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

Approved by order of the members of the Board of Trustees on10/12/20.....and signed on its behalf by:



Prof J Crewdson
Chair of Trustees

The Bay Learning Trust

Independent Auditor's Report to the Members of The Bay Learning Trust

Year Ended 31st August 2020

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Other information includes the trustees' report (incorporating the strategic report and the directors' report), the governance statement, and the Accounting Officer's statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

(Continued)

The Bay Learning Trust

Independent Auditor's Report to the Members of The Bay Learning Trust

Year Ended 31st August 2020

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

(Continued)

The Bay Learning Trust

Independent Auditor's Report to the Members of The Bay Learning Trust

Year Ended 31st August 2020

Auditor's responsibilities for the audit of the financial statements


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

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

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

Use of our report

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


.....
Mr Robert Mitchell ACA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 16/12/2020

The Bay Learning Trust

Independent Reporting Accountant's Assurance Report on Regularity to The Bay Learning Trust and the Education & Skills Funding Agency

Year Ended 31st August 2020

In accordance with the terms of our engagement letter dated 31st August 2020 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Bay Learning Trust during the year from the 1st September 2019 to the 31st August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of The Bay Learning Trust's Accounting Officer and the reporting accountant

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

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

Approach

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

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

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

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

The work undertaken to draw our conclusions includes:

- Obtaining evidence including those tests relevant to the circumstances of the Academy Trust as prescribed in Section 4 of Annex B of the Academies Accounts Direction 2019 to 2020 issued by the ESFA; and
- Planning and performing any additional tests we deemed necessary to express an opinion on regularity.

(Continued)


The Bay Learning Trust

**Independent Reporting Accountant's Assurance Report on Regularity to The Bay Learning Trust
and the Education & Skills Funding Agency**

Year Ended 31st August 2020

Conclusion

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


.....
Robert Mitchell ACA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date: 16/12/2020

The Bay Learning Trust

Statement of Financial Activities incorporating Income & Expenditure Account

Year Ended 31st August 2020

	Notes	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed asset Funds £000	Total 2020 £000	Total 2019 £000
Income and endowments from:						
Donations and capital grants	2	1	222	3,924	4,147	5,123
Transfer from local authority on conversion	30	(111)	(893)	11,952	10,948	6,410
Charitable activities:						
Funding for the Academy Trust's educational operations	3	-	23,493	-	23,493	14,688
Teaching schools	31	6	40	-	46	61
Other trading activities	4	848	-	-	848	954
Investments	5	10	-	-	10	8
Total		754	22,862	15,876	39,492	27,244
Expenditure on:						
Charitable activities:						
Academy trust's educational operations	6/7	794	23,406	475	24,675	16,053
Teaching schools	7/31	6	53	-	59	52
Total		800	23,459	475	24,734	16,105
Net (expenditure)/income		(46)	(597)	15,401	14,758	11,139
Transfers between funds	16	(26)	(316)	342	-	-
Other recognised gains/(losses)						
Revaluation of buildings		-	-	-	-	(4,392)
Actuarial gains/(losses) on defined benefit pension schemes	16, 27	-	466	-	466	(1,774)
Net movement in funds		(72)	(447)	15,743	15,224	4,973
Reconciliation of funds:						
Total funds brought forward	16	733	(5,362)	29,709	25,080	20,107
Total funds carried forward	16	661	(5,809)	45,452	40,304	25,080

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

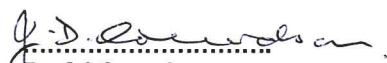
The Bay Learning Trust

Balance Sheet

Year Ended 31st August 2020

	Notes	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Tangible assets	12		42,731		26,644
Current assets					
Debtors	13	3,407		3,133	
Cash at bank and in hand		5,722		4,964	
		9,129		8,097	
Liabilities					
Creditors: Amounts falling due within one year	14	(2,248)		(1,818)	
Net current assets			6,881		6,279
Total assets less current liabilities			49,612		32,923
Creditors: Amounts falling due after more than one year	15		(120)		(87)
Net assets excluding pension liability			49,492		32,836
Defined benefit pension scheme liability	27		(9,188)		(7,756)
Net assets including pension liability			40,304		25,080
Funds of the Academy Trust:					
Restricted funds					
Fixed asset fund	16	45,452		29,709	
Restricted income fund	16	3,379		2,394	
Pension reserve	16	(9,188)		(7,756)	
Total restricted funds		39,643			24,347
Unrestricted income funds	16		661		733
Total funds			40,304		25,080

The financial statements on pages 22 to 49 were approved by the trustees, and authorised for issue on the ...10/12/20..... and are signed on their behalf by:


 Prof J Crewdson
 Chair of Trustees

Company Limited by Guarantee
 Registration Number: 07588464

The Bay Learning Trust

Statement of Cash Flows

Year Ended 31st August 2020

	Notes	2020 £000	2019 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	20	1,473	(449)
Cash flows from investing activities	22	(676)	2,828
Cash flows from financing activities	21	(39)	(29)
Change in cash and cash equivalents in the reporting period		<u>758</u>	<u>2,350</u>
Cash and cash equivalents at 1st September 2019		4,964	2,614
Cash and cash equivalents at 31st August 2020	23/24	<u>5,722</u>	<u>4,964</u>

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

1 Accounting policies

General information and basis of preparation

The Bay Learning Trust is a company limited by guarantee incorporated in England. The address of the registered office is given in the Reference and Administrative Details given on page 2 of these financial statements and the principal place of business is The Lodge, Ashton Road, Lancaster, LA1 4RR. The nature of the Academy Trusts operations and principal activities are set out in the Trustees' Report on page 4.

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

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.

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The trustees make this assessment in respect of a period of 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.

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 receivable**

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 when there is an unconditional entitlement to the grant. Unspent amounts of capital grant are reflected in the balance 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.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

1 Accounting policies (continued)

Income (continued)

- **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 goods or services.

- **Donated goods, facilities and services**

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

- **Donated assets**

Items of equipment donated for use within the Academy Trust with an estimated cost of £5,000 (excluding VAT) or more are capitalised as tangible fixed assets and are carried at estimated cost, net of depreciation and any provision for impairment.

- **Transfer on conversion**

Where assets and liabilities are received by the Academy Trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised for the transfer on conversion within Donations and capital grant income to the net assets received. The basis of measurement for transferred premises is via a valuation of the premises on a depreciated replacement cost model as carried out by a RICS approved valuer.

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.

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

1 Accounting policies (continued)

Tangible fixed assets

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

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

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

Leasehold buildings	over the remainder of the 125 year lease straight line
Furniture and equipment	33% straight line
Computer hardware	33% straight line
Motor vehicles	25% straight line

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

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

The building valuation for Ripley St Thomas represents the value of leasehold assets as per the ESFA valuation carried out in 2016 by a RICS approved valuer. In this valuation the leasehold buildings were valued at £12,284,000.

The building valuation for Carnforth High School represented the value of leasehold assets as per a third party valuation carried out in 2018 by a RICS approved valuer. This value was restated in 2019 to the ESFA valuation which was carried out by a RICS approved valuer. In this valuation the leasehold buildings were valued at £3,285,000.

The building valuation for Morecambe Bay Academy represents the value of leasehold assets as per a third party valuation carried out in 2019 by a RICS approved valuer. In this valuation the leasehold buildings were valued at £8,824,000.

The building valuation for Central Lancaster High School represents the value of leasehold assets as per a third party valuation carried out in 2020 by a RICS approved valuer. In this valuation the leasehold buildings were valued at £11,952,000.

The assets in each valuation were valued using a depreciated replacement cost model and are to be depreciated over a 125 year period (note 12).

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

1 Accounting policies (continued)

Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 29.

Conversion to an Academy Trust

The conversion from a state maintained school to an Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Central Lancaster High School to an Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 30.

Liabilities

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

Provisions

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

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

Leased assets

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

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

1 Accounting policies (continued)

Financial instruments (continued)

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 14 and 15. 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.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, Chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated 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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net operating income/(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 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.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

1 Accounting policies (continued)

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.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

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

2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Capital grants	-	3,876	3,876	4,687
Donated fixed assets	-	48	48	-
Trips and other non public funds	-	198	198	418
Other donations	1	24	25	18
	<u>1</u>	<u>4,146</u>	<u>4,147</u>	<u>5,123</u>

£1,000 (2019 - £nil) of income from donations and capital grants was attributable to unrestricted funds, £222,000 (2019 - £436,000) was attributable to restricted general funds and £3,924,000 (2019 - £4,687,000) was attributable to restricted fixed asset funds.

£3,876,000 (2019 - £4,687,000) of government grants were received for capital and maintenance works.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

3 Funding for Academy Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	20,554	20,554	13,146
Start-up grants	-	-	-	298
Other DfE Group grants	-	2,056	2,056	640
National College grants	-	321	321	209
	<u>-</u>	<u>22,931</u>	<u>22,931</u>	<u>14,293</u>
Other Government grants				
Local Authority grants	-	484	484	363
Other Government grants	-	48	48	32
	<u>-</u>	<u>532</u>	<u>532</u>	<u>395</u>
Exceptional government funding				
Coronavirus exceptional support	-	30	30	-
	<u>-</u>	<u>23,493</u>	<u>23,493</u>	<u>14,688</u>

£nil (2019 - £nil) of funding for Academy Trust's educational operations was attributable to unrestricted funds, £23,493,000 (2019 - £14,688,000) was attributable to restricted general funds and £nil (2019 - £nil) was attributable to restricted fixed asset funds.

£23,493,000 (2019 - £14,688,000) of government grants were received for the purposes of the day to day running costs of the Academy and its charitable objectives.

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 funding received for coronavirus exceptional support covers £29,000 of costs in relation to providing free school meals for eligible children not attending school, as well as £1,000 of telecommunication costs. These costs are included in notes 6 and 7 below as appropriate.

4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Hire of facilities	67	-	67	64
Catering income	449	-	449	510
Sale of educational goods and services	108	-	108	154
School uniform income	27	-	27	24
Supply insurance claims	106	-	106	43
Supplies of staff	-	-	-	49
Music tuition	24	-	24	48
6 Day Provision Income	67	-	67	62
	<u>848</u>	<u>-</u>	<u>848</u>	<u>954</u>

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

4 Other trading activities (continued)

£849,000 (2019 - £921,000) of income from other trading activities was attributable to unrestricted funds, £nil (2019 - £33,000) was attributable to restricted general funds and £nil (2019 - £nil) was attributable to restricted fixed asset funds.

5 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Short term deposits	10	-	10	8
	<u>10</u>	<u>-</u>	<u>10</u>	<u>8</u>

£10,000 (2019 - £8,000) of investment income was attributable to unrestricted funds, £nil (2019 - £nil) was attributable to restricted general funds and £nil (2019 - £nil) was attributable to restricted fixed asset funds.

6 Expenditure

	Staff Costs £000	Non Pay Expenditure		Total 2020 £000	Total 2019 £000
		Premises £000	Other Costs £000		
Academy Trust's educational operations					
Direct costs	16,328	428	1,801	18,557	11,652
Allocated support costs	3,664	1,309	1,145	6,118	4,401
Teaching School:					
Direct costs	46	-	4	50	39
Allocated support costs	6	-	3	9	13
	<u>20,044</u>	<u>1,737</u>	<u>2,953</u>	<u>24,734</u>	<u>16,105</u>

£794,000 (2019 - £901,000) of the above expenditure on the Academy Trust's educational operations was attributable to unrestricted funds, £23,406,000 (2019 - £14,922,000) was attributable to restricted general funds and £475,000 (2019 - £230,000) was attributable to restricted fixed asset funds.

£6,000 (2019 - £13,000) of the above expenditure on Teaching School was attributable to unrestricted funds, £53,000 (2019 - £39,000) was attributable to restricted general funds and £nil (2019 - £nil) was attributable to restricted fixed asset funds.

Net income/expenditure for the year includes:

	2020 £000	2019 £000
Operating lease rentals	24	15
Depreciation	475	230
(Gain)/loss on disposal of fixed assets	-	-
Fees payable to the auditor for:		
Audit	14	12
Other services	15	16
	<u>29</u>	<u>28</u>

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

6 Expenditure (continued)

No additional transactions have taken place under Section 5.2 of the 2019 Academies Financial Handbook which require additional disclosure.

7 Charitable activities

	Total 2020 £000	Total 2019 £000
Direct costs – educational operations	18,557	11,652
Direct costs – teaching school	50	39
Support costs – educational operations	6,118	4,401
Support costs – teaching school	9	13
	<u>24,734</u>	<u>16,105</u>

Analysis of direct costs	Educational operations £000	Teaching school £000	Total 2020 £000	Total 2019 £000
Direct staff costs	16,328	46	16,374	9,994
Depreciation	428	-	428	207
Learning resources	484	-	484	360
Technology costs	107	-	107	102
Examination fees	326	-	326	216
School trips and visits	207	-	207	398
Other direct costs	677	4	681	414
Total direct costs	<u>18,557</u>	<u>50</u>	<u>18,607</u>	<u>11,691</u>

Analysis of support costs	Educational operations £000	Teaching school £000	Total 2020 £000	Total 2019 £000
Support staff costs	3,664	6	3,670	2,755
Depreciation	47	-	47	23
Premises costs	1,262	-	1,262	877
Legal costs – conversion	12	-	12	12
Other support costs	1,098	3	1,101	714
Governance costs	35	-	35	33
Total support costs	<u>6,118</u>	<u>9</u>	<u>6,127</u>	<u>4,414</u>

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

8 Staff

(a) Staff costs

	2020	2019
	£000	£000
Staff costs during the period were:		
Wages and salaries	14,347	9,221
Social security costs	1,326	829
Pension costs	3,960	2,323
	<u>19,633</u>	<u>12,373</u>
Apprenticeship levy	55	31
Agency staff costs	356	260
Staff restructuring costs	-	85
	<u>20,044</u>	<u>12,749</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	-	85
Other restructuring costs	-	-
	<u>-</u>	<u>85</u>

(b) Non-statutory / non-contractual staff severance payments

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £nil (2019: £85,000). Individually the payments in the prior year were for £17,000, £11,000 (x4), £9,000, £7,000, £5,000 and £3,000.

(c) Staff numbers

The average number of persons employed by the Academy Trust during the year, and the full-time equivalents, was as follows:

	2020	2020	2019	2019
	Number	Full-time equivalent	Number	Full-time equivalent
Teachers	239	215	161	143
Administration and support	238	169	166	110
Management	32	31	21	21
	<u>509</u>	<u>415</u>	<u>348</u>	<u>274</u>

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

8 Staff (continued)

(d) Higher paid staff

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

	2020 No.	2019 No.
£60,001 - £70,000	6	7
£70,001 - £80,000	3	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	1
£100,001 - £110,000	1	-
	<u>11</u>	<u>10</u>

(e) Key management personnel

The key management personnel of the Academy Trust comprise the trustees, the executive team as listed on page 2 and the senior leadership teams of the respective trust schools. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £2,514,000 (2019: £1,633,000). The cost has increased due to the management team increasing as the Trust increases. This year shows 12 months of Morecambe Bay Academy (2019: 4 months) and 11 months of Central Lancaster High School (2019: nil months).

9 Central services

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

- Human Resources
- Legal Services
- Audit Services
- Educational and Administrative Support
- Health and Safety
- Building condition/compliance reporting
- Trust improvement partner costs
- CPD costs
- Marketing
- Financial Software

The Academy Trust charges for these services on the basis of a charge against recurrent GAG income.

The actual amounts charged during the year were as follows:

	2020 £000	2019 £000
Ripley St Thomas CE Academy	243	233
Carnforth High School	99	94
Morecambe Bay Academy	259	89
Central Lancaster High School	84	-
	<u>685</u>	<u>416</u>

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

10 Related party transactions - Trustees' remuneration and expenses

One or more trustees have been paid remuneration or have received other benefits from employment with the Academy Trust. The Principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of Principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

Mrs E Nicholls (CEO, Principal and trustee):	
Remuneration	£100,000 - £110,000 (2019: £90,000 - £95,000)
Employers' pension contributions	£0 - £5,000 (2019: £0 - £5,000)

During the year ended 31st August 2020, no travel and subsistence expenses were reimbursed or paid directly to trustees (2019: £73 to 1 trustee).

Other related party transactions involving the trustees are set out in note 28.

11 Trustees' and officers' insurance

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

12 Tangible fixed assets

	Leasehold Land and Buildings £000	Furniture and Fixtures £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost					
At 1 st September 2019	27,383	198	250	15	27,846
Transfer on conversion	11,952	-	-	-	11,952
Additions	4,370	65	175	-	4,610
Disposals	-	-	-	-	-
At 31 st August 2020	43,705	263	425	15	44,408
Depreciation					
At 1 st September 2019	819	184	186	13	1,202
Charged in period	349	30	94	2	475
Disposals	-	-	-	-	-
At 31 st August 2020	1,168	214	280	15	1,677
Net book values					
At 31 st August 2019	26,564	14	64	2	26,644
At 31 st August 2020	42,537	49	145	-	42,731

The Academy Trust's transactions relating to land and buildings include the taking up of a leasehold on the premises at Central Lancaster High School. The transfer on conversion represents the value of leasehold assets as per third party valuation carried out in 2020 by a RICS approved valuer. In this valuation the leasehold buildings were valued at £11,952,000. Use of the site has been granted on a 125-year lease from the Local Authority.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

13 Debtors

	2020 £000	2019 £000
Trade debtors	4	4
VAT recoverable	291	197
Other debtors	263	357
Condition Improvement Fund (CIF) related debtors	2,693	2,418
Prepayments and accrued income	156	157
	<u>3,407</u>	<u>3,133</u>

14 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	640	96
Other taxation and social security	337	287
Loans	53	29
Other creditors	544	402
Accruals and deferred income	674	1,004
	<u>2,248</u>	<u>1,818</u>

15 Creditors: amounts falling due after more than one year

	2020 £000	2019 £000
Loans	120	87
	<u>120</u>	<u>87</u>

Loans include an amount received to fund energy efficient projects in the academy funded via the ESFA Salix scheme with no interest charged on the balance outstanding. The cost of repaying the loan will be offset by the energy cost savings resulting from the works carried out. Loan repayments are made in September and March of each year for the life of the loan.

The total repayable after more than five years is £nil (2019: £12,449).

Loans also include two balances owing to the Local Authority following the conversion of Central Lancaster High School to Academy Trust status. No interest is to be charged on these amounts. Monthly loan repayments are due to commence in January 2021.

The total repayable after more than five years is £nil.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

16 Funds

	Balance at 1 st September 2019 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 st August 2020 £000
Restricted general funds					
General Annual Grant (GAG)	2,014	20,554	(19,158)	(249)	3,161
Start-up grant	203	-	(103)	-	100
Pupil premium	-	846	(846)	-	-
Other DfE/ESFA grants	80	1,240	(1,240)	(80)	-
Other government grants	2	484	(478)	-	8
Teaching school provision	58	40	(53)	-	45
National College funds	36	321	(333)	-	24
Other restricted funds	1	270	(243)	13	41
Pension reserve	(7,756)	(893)	(1,005)	466	(9,188)
	(5,362)	22,862	(23,459)	150	(5,809)
Restricted fixed asset funds					
Transfer on conversion	-	11,952	-	(11,952)	-
DfE/ESFA capital grants	3,065	3,876	-	(4,220)	2,721
Donated assets	-	48	-	(48)	-
Other capitalised assets	80	-	(126)	240	194
ESFA building valuation	26,564	-	(349)	16,322	42,537
	29,709	15,876	(475)	342	45,452
Total restricted funds	24,347	38,738	(23,934)	492	39,643
Total unrestricted funds	733	754	(800)	(26)	661
Total funds	25,080	39,492	(24,734)	466	40,304

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

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward. At 31st August 2020 the carry forward of GAG was £3,161,000.

The Start Up grants are to facilitate the joining of schools to the Multi Academy Trust. As at the 31st August 2020, £100,000 of these funds remained unspent.

Other DfE/ESFA grants include monies received outside of GAG funding and includes the Teacher Pay and Pension grants. All income was fully spent in the year.

Other government grants represent amounts payable to the Academy predominantly from Lancashire County Council and includes Special Educational Needs (SEN) funding. As at the 31st August 2020 £8,000 remained unspent.

Teaching School / National College grants represent amounts received by the Academy with respect to the Teaching Schools and School Centred Initial Teach Training (SCITT) programmes. As at the 31st August 2020 the balance carried forward on these funds was £69,000.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

16 Funds (continued)

Other restricted funds include the income and related expenditure for educational visits, supplies of staff, after school clubs and all donations for specified purposes such as charitable or educational trust grants, fundraising proceeds and general donations with restrictions attached. As at the 31st August 2020 £41,000 of these funds remained unspent.

DfE/ESFA capital grants received during the year relate to Devolved Formula Capital and Condition Improvement Funding. £2,721,000 of the funding remained unspent at the 31st August 2020 and will be used to fund ongoing capital projects into the 2020/21 academic year.

Other capitalised assets post conversion represents the value of assets purchased since conversion to academy status. These are depreciated in line with the accounting policies set out in note 1.

The ESFA building valuation represents the value of leasehold assets as per the valuations detailed in note 1 to the accounts plus subsequent asset improvements. The assets were all valued using a depreciated replacement cost model and are to be depreciated over a 125 year period.

Unrestricted funds includes the income and related expenditure for activities such as lettings, sales of educational goods and services, Teaching School activities, catering and music income. It also includes all investment income and gift aid donations. The balance on this fund at the 31st August 2020 is £661,000 and these funds can be used at the discretion of the trustees, in order to meet the charitable objectives of the Academy.

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

	Balance at 1 st September 2018 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 st August 2019 £000
Restricted general funds					
General Annual Grant (GAG)	1,143	13,146	(12,263)	(12)	2,014
Start-up grant	80	298	(175)	-	203
Pupil premium	-	345	(345)	-	-
Other DfE/ESFA grants	-	295	(215)	-	80
Other government grants	14	395	(407)	-	2
Teaching school	49	48	(39)	-	58
National College grants	16	209	(189)	-	36
Other restricted funds	9	469	(477)	-	1
Pension reserve	(2,562)	(2,569)	(851)	(1,774)	(7,756)
	(1,251)	12,636	(14,961)	(1,786)	(5,362)
Restricted fixed asset funds					
Transfer on conversion	-	8,824	-	(8,824)	-
DfE/ESFA capital grants	198	4,687	-	(1,820)	3,065
Other capitalised assets	833	-	(71)	(682)	80
ESFA building valuation	19,742	-	(159)	6,981	26,564
	20,773	13,511	(230)	(4,345)	29,709
Total restricted funds	19,522	26,147	(15,191)	(6,131)	24,347
Total unrestricted funds	585	1,097	(914)	(35)	733
Total funds	20,107	27,244	(16,105)	(6,166)	25,080

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

16 Funds (continued)

Total funds analysis by academy

Fund balances at 31st August 2020 were allocated as follows:

	2020 £000	2019 £000
Ripley St Thomas	2,734	2,204
Carnforth High School	401	283
Morecambe Bay Academy	407	123
Central Lancaster High School	(121)	-
Central services	619	517
Total before fixed assets and pension reserve	<u>4,040</u>	<u>3,127</u>
Restricted fixed asset fund	45,452	29,709
Pension reserve	(9,188)	(7,756)
Total	<u>40,304</u>	<u>25,080</u>

Central Lancaster High School is carrying a net deficit of £121,000 on these funds due to converting into the Academy Trust with a pre-existing deficit from the Local Authority. The Academy Trust has set up a recovery plan with ESFA to return to a surplus position over a 3 year period through setting and rigorously reviewing future budgets against actuals.

Total cost analysis by academy

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

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total 2020 £000	Total 2019 £000
Ripley St Thomas CE	6,066	1,299	273	1,519	9,157	8,843
Carnforth High School	2,787	605	145	444	3,981	3,877
Morecambe Bay Academy	4,875	1,130	124	1,009	7,138	2,698
Central Lancaster High School	2,506	420	49	500	3,475	-
Central services	140	216	-	152	508	457
Academy Trust	<u>16,374</u>	<u>3,670</u>	<u>591</u>	<u>3,624</u>	<u>24,259</u>	<u>15,875</u>

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

17 Analysis of net assets between funds

Fund balances at 31st August 2020 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	42,731	42,731
Current assets	723	5,685	2,721	9,129
Current liabilities	-	(2,248)	-	(2,248)
Non-current liabilities	(62)	(58)	-	(120)
Pension scheme liability	-	(9,188)	-	(9,188)
Total net assets	<u>661</u>	<u>(5,809)</u>	<u>45,452</u>	<u>40,304</u>

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	26,644	26,644
Current assets	733	4,299	3,065	8,097
Current liabilities	-	(1,818)	-	(1,818)
Non-current liabilities	-	(87)	-	(87)
Pension scheme liability	-	(7,756)	-	(7,756)
Total net assets	<u>733</u>	<u>(5,362)</u>	<u>29,709</u>	<u>25,080</u>

18 Capital commitments

	2020 £000	2019 £000
Contracted for, but not provided in the financial statements	<u>2,721</u>	<u>3,065</u>

19 Commitments under operating leases

Operating leases

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

	2020 £000	2019 £000
Amounts due within one year	26	32
Amounts due between one and five years	32	30
Amounts due after five years	-	-
	<u>58</u>	<u>62</u>

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

20 Reconciliation of net income/(expenditure) to net cash inflow from operating activities

	2020 £000	2019 £000
Net income for the reporting period (as per the Statement of Financial Activities)	14,758	11,139
Adjusted for:		
Depreciation (note 12)	475	230
Conversion value of leasehold buildings	(11,952)	(8,824)
Capital grants from DfE	(3,876)	(4,687)
Other capital income	(48)	-
Interest receivable (note 5)	(10)	(8)
Defined benefit pension scheme obligation inherited	893	2,569
Defined benefit pension scheme cost less contributions payable (note 27)	855	763
Defined benefit pension scheme finance cost (note 27)	150	88
Decrease in stocks	-	5
Increase in debtors	(274)	(2,705)
Increase in creditors	502	981
Net cash provided by/(used in) operating activities	1,473	(449)

21 Cash flows from financing activities

	2020 £000	2019 £000
Repayments of borrowing	(39)	(29)
Cash inflows from borrowing	-	-
Net cash used in financing activities	(39)	(29)

22 Cash flows from investing activities

	2020 £000	2019 £000
Dividends, interest and rents from investments	10	8
Proceeds from sale of tangible fixed assets	-	-
Purchase of tangible fixed assets	(4,610)	(1,867)
Capital grants from DfE/ESFA	3,876	4,687
Capital funding received from others	48	-
Net cash (used in)/provided by investing activities	(676)	2,828

23 Analysis of cash and cash equivalents

	2020 £000	2019 £000
Cash at bank and in hand	5,722	4,964
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	5,722	4,964

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

24 Analysis of changes in net debt

	At 1 st September 2019	Cash flows	Academy conversion	Other non-cash changes	At 31 st August 2020
Cash	4,964	640	118	-	5,722
Cash equivalents	-	-	-	-	-
	4,964	640	118	-	5,722
Loans falling due within one year	(29)	39	(10)	(53)	(53)
Loans falling due after more than one year	(87)	-	(87)	54	(120)
	(116)	39	(97)	1	(173)
Total	4,848	679	21	1	5,549

25 Contingent Liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any leasehold building the Academy is required to either re-invest the proceeds or to repay the Secretary of State for Education or the Diocese the proceeds of the sale or disposal as these two bodies would jointly have an interest in the proceeds of any sale.

26 Members' Liability

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

27 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 Lancashire County Pension Fund. Both are multi-employer defined-benefit schemes.

The latest actuarial valuation of the TPS was 31st March 2016 and of the LGPS 31st March 2016.

Contributions amounting to £346,000 (2019: £249,000) were payable to the schemes at 31st August 2020 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 Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

27 Pension and similar obligations (continued)

Teachers' Pension Scheme (continued)

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 31st March 2016. The valuation report was published by the Department for Education on 5th March 2019. The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to TPS in the period amounted to £3,110,000 (2019: £1,569,000).

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 contribution made for the year ended 31st August 2020 was £1,025,000 (2019: £638,000), of which employer's contributions totalled £791,000 (2019: £493,000), and employees' contributions totalled £234,000 (2019: £145,000). The agreed contribution rates for future years are set out below:

Ripley St Thomas Academy:	19.2%
Carnforth High School:	19.2%
Morecambe Bay Academy:	17.0%
Central Lancaster High School:	17.0%

The rate for employees remains dependent on the salary of the employee.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

As described in note 1 the LGPS obligation relates to the employees of the Academy Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy Trust at the balance sheet date.

Principal Actuarial Assumptions	At 31 st August 2020	At 31 st August 2019
Rate of increase in salaries	3.9%	3.6%
Rate of increase for pensions in payment / inflation	2.5%	2.2%
Discount rate for scheme liabilities	1.8%	1.8%
Inflation assumption (CPI)	2.4%	2.1%

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

	At 31 st August 2020	At 31 st August 2019
<i>Retiring today</i>		
Males	22.3	22.8
Females	25.0	25.5
<i>Retiring in 20 years</i>		
Males	23.8	25.1
Females	26.8	28.2

Sensitivity analysis

	Central £000	Sensitivity 1 +0.1% pa discount rate £000	Sensitivity 2 +0.1% pa inflation £000	Sensitivity 3 +0.1% pa pay growth £000	Sensitivity 4 1 year inc in life expectancy £000
Liabilities	22,011	21,546	22,485	22,118	22,634
Assets	(12,823)	(12,823)	(12,823)	(12,823)	(12,823)
Deficit	9,188	8,723	9,662	9,295	9,811
Projected service cost	1,626	1,626	1,670	1,626	1,679
Projected net interest	158	157	163	159	165

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	Fair value at 31 st August 2020	Fair value at 31 st August 2019
Equities	5,847	3,652
Government bonds	-	-
Other bonds	886	122
Property	1,744	672
Cash and other liquid assets	231	138
Other	4,115	3,056
Total market value of assets	12,823	7,640

The actual return on scheme assets was £(77,000) (2019: £748,000).

Amounts recognised in the statement of financial activities

	2020 £000	2019 £000
Current service cost (net of employer contributions)	(782)	(275)
Past service cost	(50)	(476)
Interest income	176	145
Interest expense	(326)	(233)
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Admin expenses	(23)	(12)
Total operating charge	(1,005)	(851)

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

	2020 £000	2019 £000
At 1st September	15,396	6,890
Conversion to academy status	2,690	4,563
Current service cost	1,573	768
Past service cost	50	476
Interest cost	326	233
Employee contributions	234	145
Actuarial loss	1,799	2,375
Benefits paid	(57)	(54)
Losses or gains on curtailments	-	-
Past service costs	-	-
Unfunded pension payments	-	-
Effect of non-routine transactions	-	-
At 31st August	22,011	15,396

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Changes in the fair value of Academy Trust's share of scheme assets:

	2020 £000	2019 £000
At 1st September	7,640	4,328
Conversion to academy status	1,797	1,994
Interest income	176	145
Return on plan assets (excluding interest income)	-	-
Assets distributed on settlements	-	-
Actuarial gain	2,265	601
Admin expenses	(23)	(12)
Employer contributions	791	493
Employee contributions	234	145
Benefits paid	(57)	(54)
Effect of non-routine settlements	-	-
At 31st August	<u>12,823</u>	<u>7,640</u>

28 Related Party Transactions

Owing to the nature of the Academy Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1st April 2019 and obtaining their approval where required, and with the Academy Trust's financial regulations and normal procurement procedures.

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 10.

29 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting year ending 31st August 2020 the trust received £49,176 (2019: £32,069) and disbursed £43,883 (2019: £27,409) from the fund. A balance of £9,953 (2019: £4,660) has been carried forward within other creditors.

Similarly, the Academy distributes School Centred Initial Teacher Training (SCITT) Bursary funding to student teachers as an agent for the Department for Education. In the accounting year ending 31st August 2020, the trust received £611,600 (2019: £448,500) and disbursed £614,000 (2019: £455,100) from the fund. The balance of £nil (2019: £2,400) is included in other creditors in relation to the undistributed funds.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

30 Conversion to an Academy Trust

On 1st October 2019 the Central Lancaster High School converted to Academy Trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Academy Trust name from the Local Authority for £nil consideration.

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

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the SOFA.

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
Leasehold land and buildings	-	-	11,952	11,952
Current assets				
Cash	118	-	-	118
Current liabilities				
Other creditors	(132)	-	-	(132)
Loans	(10)	-	-	(10)
Non-current liabilities				
Loans	(87)	-	-	(87)
LGPS pension (deficit)	-	(893)	-	(893)
Net assets	(111)	(893)	11,952	10,948

The building valuation for Central Lancaster High School represents the value of leasehold assets as per third party valuation carried out in 2020 by a RICS approved valuer. In this valuation the leasehold buildings were valued at £11,952,000.

Current assets represent the transfer of the cash reserves of Central Lancaster High School from the Local Authority.

Current liabilities consist of amounts owing in relation to pre-conversion commitments, as well as the current portion of a loan owed to the Local Authority.

Non-current liabilities consist of loan balances owed to the Local Authority.

The LGPS deficit represents the actuarial pension deficit of Central Lancaster High School at the 1st October 2019. This valuation was carried out by Mercer who specialise in providing actuarial services.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2020

31 Teaching school trading account

	2020 £000	2020 £000	2020 £000	2019 £000	2019 £000	2019 £000
Income						
<i>Direct income:</i>						
Grant income		40			48	
<i>Other income:</i>						
Fundraising and other trading activities		6			13	
		<u>46</u>			<u>61</u>	
Expenditure						
<i>Direct costs:</i>						
Direct staff costs	46			33		
Staff development	3			6		
Other direct costs	1			-		
Total direct costs	<u>46</u>	50		<u>39</u>		
<i>Other costs:</i>						
Support staff costs	6			7		
Meeting costs	1			1		
Travel costs	-			1		
Other support costs	2			4		
Total other costs	<u>9</u>	9		<u>13</u>		
Total expenditure			59			52
Transfers between funds excluding depreciation						
			<u>(13)</u>			<u>9</u>
(Deficit)/surplus from all sources			58			49
Teaching school balances brought forward			<u>45</u>			<u>58</u>
Teaching school balances carried forward						