

Registration number: 09437439

The Levels Academy Trust

(A company limited by guarantee)

Annual Report and Financial Statements

for the period from 1 September 2020 to 1 February 2021

THE LEVELS ACADEMY TRUST
CONTENTS

| | |
|--|----------|
| Reference and Administrative Details | 1 |
| Trustees' Report | 2 to 13 |
| Governance Statement | 14 to 16 |
| Statement on Regularity, Propriety and Compliance | 17 |
| Statement of Trustees' Responsibilities | 18 |
| Independent Auditor's Report on the Financial Statements | 19 to 22 |
| Independent Reporting Accountant's Report on Regularity | 23 to 24 |
| Statement of Financial Activities incorporating Income and Expenditure Account | 25 to 26 |
| Balance Sheet | 27 |
| Statement of Cash Flows | 28 |
| Notes to the Financial Statements | 29 to 53 |

THE LEVELS ACADEMY TRUST
REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|--|---|
| Members | R Clark I Etchells S Hough |
| Trustees (Directors) | J Barrett P Brandt D Cunningham R Fanshawe J Limberg G Piper |
| Senior Management Team | J Barrett, Chief Executive Officer and Accounting Officer (appointed 1 September 2020) S Chapman, Headteacher T Doughty Davis, Headteacher L Hayward, Headteacher M Bradford, Business manager (resigned December 2020) J Easman, Finance manager J Izzard, Finance manager |
| Principal and Registered Office | The Levels Academy Trust Huish Primary School Langport Somerset TA10 9RW |
| Company Registration Number | 09437439 |
| Auditors | Albert Goodman LLP Goodwood House Blackbrook Park Avenue Taunton TA1 2PX |
| Bankers | Natwest Langport Somerset TA10 9ZD |
| Solicitors | Browne Jacobson 1 Manor Court Exeter EX1 1UP |

THE LEVELS ACADEMY TRUST

TRUSTEES' REPORT FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period ended 1 February 2021. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

On 1 February 2021 the net assets and activities of the academy were transferred to the Preston Primary Academy Trust, a multi academy trust.

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The company registration number is 09437439.

The governors act as the trustees for the charitable activities of The Levels Academy Trust and are also the directors of the charitable company for the purposes of company law.

Details of the trustees who served during the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 1

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the 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.

Trustees' indemnities

The multi-academy trust has joined the RPA with a limit of indemnity being £10,000,000 for trustees' and officers.

THE LEVELS ACADEMY TRUST

TRUSTEES' REPORT FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021

(CONTINUED)

Method of recruitment and appointment or election of Trustees

The Articles of Association set out that The Levels Academy Trust shall ordinarily have the following trustees:

- a. up to 1 Trustee, appointed under Article 50;
- b. up to 4 Principals of the Academies appointed under Article 50A or 50B;
- c. up to 4 Academy Trustees appointed under Article 51 or Article 52; and
- d. up to 5 Community Trustees appointed under Article 57A
- e. a minimum of 2 Parent Trustees elected or appointed under Articles 53-56/56B. Not used as provision is made for at least 2 Parent Local Governors on each established Local Governing Body.
- f. The Levels Academy Trust may also have any Co-opted Trustee appointed under Article 58.

The board of trustees has not made use of the power to co-opt other suitable persons as allowed by the Academy's articles of association.

Trustees are appointed for a four year period, except that this time limit does not apply to any post which is held ex officio. Subject to remaining eligible to be a particular type of trustee, any Trustee can be re-appointed.

When appointing new trustees, the board will give consideration to the skills and experience mix of existing trustees in order to ensure that the board has the necessary skills to contribute fully to the academy's development. The board undertake an annual Skills Audit where gaps in skill sets will become evident and the position (when available) will be advertised with a preferred skill set.

Policies and procedures adopted for the induction and training of Trustees

On appointment the trustees will be given The Levels Academy Induction Pack which will provide the following information:

- A brief outline of the role of trustee/director and a summary of their responsibilities and continuing obligations
- Information on each of The Levels Academy Trust Schools with performance and financial information.
- DfE Governance Handbook
- The academy's guidelines on:
 - o Matters reserved for formal board meetings and scheme of delegations
 - o The procedure for obtaining independent professional advice by the board.
 - o Other standing orders, policies and procedures of which the trustee should be aware, or where they can be obtained from (including the Finance Policy, DBS checks, child protection policies, anti-fraud and data protection to name but a few.
- Any trustee/director liability insurance that is in place
- Other trustee information including contact
- Shown where to access whole Levels Academy Trust Policies and individual school policies
- Complete a skills audit and pecuniary interest form

In addition each trustee will be given the opportunity of visiting each of the schools and will be provided with the minutes of trust board and committee meetings from the preceding 12 months.

THE LEVELS ACADEMY TRUST

TRUSTEES' REPORT FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021

(CONTINUED)

Organisational structure

The below structure was in place prior to the academies within the trust joining Preston Primary Academy Trust on 1 February 2021.

From the conversion to an academy, a new management structure was introduced to ensure the effective and efficient running of the academy. This consists of a board of trustees including the CEO who is the accounting officer. The academy made the appointment a business manager and clerk of trustees, who provide support to the members, trustees and the local governing bodies.

The board of trustees meets at least termly and is responsible for setting the aims and objectives of the academy, general policy setting, establishing the overall governance framework and determining the membership, terms of reference and procedures of committees and other groups. The board of trustees will monitor the supporting committees as it considers appropriate. The academy also collaborates with Huish Episcopi Academy, Taunton School and Somerset Centre for Integrated Learning (SCIL).

Within the academy the following subcommittees have been established:

- Quality of Education committee - to monitor standards across all four schools and the academy as a whole.
- Business committee - to undertake financial oversight and scrutiny.
- Risk and Audit committee - to identify any risks to the four schools and academy as a whole.
- Personnel committee - to ensure that all policies and procedures relating to staff employed by the trust are carried out in both a consistent and fair manner.

The trustees have established local governing bodies for each of the schools. The key responsibilities of the governing bodies are:

- Determination of the educational vision of the Academy in consultation with the Trustees, including, but without limitation, determination of the Academy' School Development Plan.
- Monitoring of the school's SEF.
- To ensure that Child Protection and Safeguarding arrangements are in place.
- Review, approval and monitoring of local policies (including admissions and DBS) informed by Trust policy and practice.
- To ensure that annual reports are sent to the Safeguarding Board using the recognized procedures.
- Approval of Category A and B (adventurous/non-adventurous) visits and ensuring that each school has an External Visits Coordinator (EVC) and risk assessments are carried out to LA guidelines to safeguard its pupils.
- Monitoring of the Curriculum.
- Appointing site specific support staff.
- Implementation of actions required to comply with statutory regulations and the Supplementary Funding Agreement.
- Ensuring the provision and monitoring of a catering service for KS1 pupils is in place.
- Undertaking the Head teachers' Performance Management by designated governors, with the support of the CEO, and making recommendations to the Trust Members.
- Completing the register of business interests at GB level and put in place a procedure to deal with any conflicts of interest and connected party transactions.
- Prepare terms of reference for GB Committees (if appropriate).
- Ensure there is a training programme for governors to access.
- The GB assumes responsibility to fulfil all statutory duties.

THE LEVELS ACADEMY TRUST

TRUSTEES' REPORT FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021

(CONTINUED)

Arrangements for setting pay and remuneration of key management personnel

The Levels Academy Trust will follow the LA agreed Pay Policy which is endorsed annually by the Members with regards to the setting of key management personnel pay.

Following Performance Management meetings (comprising performance management governors, School Improvement Partner and key management personnel) pay recommendations within the recommended LA wage band are sent to the Members along with evidence of targets met with guidance from the School Improvement Partner.

Trade union facility time

The Levels Academy Trust does not have any union representatives.

Connected organisations, including related party relationships

There are no related parties which either control or significantly influence the decisions and operations of The Levels Academy Trust. There are no sponsors or formal Parent Teacher Associations associated with the Academy.

THE LEVELS ACADEMY TRUST

TRUSTEES' REPORT FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021

(CONTINUED)

Objectives and activities

Objects and aims

Our Mission:

To provide an outstanding education in our academies

Strategic aims:

- Inspire and nurture our children to be well rounded individuals and the best that they can be in a safe environment
- Ensure our schools sit at the heart of our communities
- Ensure our schools are well led and managed
- Provide high quality learning opportunities within a balanced and relevant curriculum
- Work together with professionalism, integrity and trust to achieve the quality provision for all

Our vision:

To create a future of educational excellence for all children of the Somerset Levels Community.

Our mission:

- To put the child at the centre of all we do.
- To engender a love of learning.
- To continually improve our skills and practices so that the children get the best possible education in a safe environment
- To collaborate with others and grow so that our schools thrive and are successful

Our core values and beliefs:

Raising Aspirations, Realising Potential TOGETHER

- Expanding children's horizons
- Providing a range of educational opportunities
- Embracing Challenge and Change
- Celebrating diversity and individuality
- Placing the 'whole child' at the centre of all we do
- Developing the confidence and trust to learn from each other
- Committing to lifelong learning and continuing (professional) development
- Providing an 'intelligent' curriculum which supports each and every child
- Demonstrating a commitment and intent to collaborate at every level
- Believing that every child can succeed

THE LEVELS ACADEMY TRUST

TRUSTEES' REPORT FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021

(CONTINUED)

Objectives, strategies and activities

Activities undertaken in last 12 months

The academy has fulfilled the following objectives in the year:

- Reviewed the overall governance of the Multi Academy trust resulting in the proposal to create 4 new sub committees.
- Recruitment and appointment of a part time, interim CEO for our trust, following the resignation of the previous CEO.
- Recruitment and appointment of a new Head teachers for Hambridge, Middlezoy and Othery Primary Schools, following the resignation of the previous Heads of Schools.
- Secured the future of TLAT by initiating a merger with a larger Trust for February 2021

Further objectives and strategies are detailed in the Trust Improvement report.

Public benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commissioner's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

THE LEVELS ACADEMY TRUST

TRUSTEES' REPORT FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021

(CONTINUED)

STRATEGIC REPORT

Achievements and performance

OFSTED Inspections

During the academic year 2019/20, Othery Primary School was inspected and graded INADEQUATE. The Head teacher resigned from his post and interim arrangements were put in place by the Trustees. A seconded senior teacher from PPAT was recruited to the Headship and took up her post September 2020. Huish Episcopy Primary School was graded GOOD in February 2020.

In March 2020 our schools went into lockdown in line with national guidance due to the Covid-19 pandemic. They remained open to all pupils of keyworkers and those deemed vulnerable. On-line learning became the new norm and proved successful. All schools performed well during this unprecedented time, but inevitably learning of most, if not all pupils has been impacted. However, all schools now have a recovery plan in place and are working hard to accelerate learning and fill gaps.

The next steps for each school are shown below:

Hambridge Primary School - 20 February 2018 - **Good outcome**. Next inspection due 2021

This school is at risk of an RI judgement, due to vulnerabilities in leadership.

Next steps for the school

Leaders and those responsible for governance should ensure that:

- The school rapidly improves in all aspects. Standards are variable and the school would benefit from further enhancement both inside and outside.

Huish Episcopi Primary School- February 2020-**GOOD**.

"The Headteacher has made many improvements to this school since she has been in post."
Ofsted 2020

Next steps for the school

Leaders and those responsible for governance should ensure that:

- Teachers use the curriculum more effectively to consolidate and practice their writing, in particular those pupils working at a higher standard

THE LEVELS ACADEMY TRUST

TRUSTEES' REPORT FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021

(CONTINUED)

STRATEGIC REPORT

Middlezoy Primary School - 6/7 December 2017 - Requires Improvement - the school is due an inspection in 2021

The school has the following strengths:

- The new Head teacher has made a strong start
- The learning environments are hugely improved
- Teaching is improving
- Standards are improving
- The Head teacher is supported by PPAT
- Teaching staff are working collaboratively with PPAT

What does the school need to do to improve further?

- **Secure leadership by appointing a substantive Head teacher**

Othery Village School - December 2019. Inadequate

The school has the following strengths: As above

Next steps for the school

- Secure leadership by appointing a substantive Head teacher

Leaders and those responsible for governance should ensure that:

- Expectations rise across the school so that pupils make better progress and reach at least the standards expected for their age in reading, writing and mathematics
- Teachers provide sufficient challenge in reading, writing and mathematics to ensure that the most able pupils reach the higher standards that they are capable of
- Staff are supported to improve the quality of their work by being provided with high-quality professional development linked to the priorities for improvement
- Teachers are supported to make accurate assessments about pupils' work by having more frequent opportunities to share the assessments they make with staff in other schools
- Teachers use the assessment information they have to more closely match the learning needs of pupils
- Leaders maintain the more rigorous approach to holding teachers to account for the progress that pupils make.

THE LEVELS ACADEMY TRUST

TRUSTEES' REPORT FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021

(CONTINUED)

STRATEGIC REPORT

Going concern

Next steps for the school

- Secure leadership by appointing a substantive Head teacher

Leaders and those responsible for governance should ensure that:

- Expectations rise across the school so that pupils make better progress and reach at least the standards expected for their age in reading, writing and mathematics
- Teachers provide sufficient challenge in reading, writing and mathematics to ensure that the most able pupils reach the higher standards that they are capable of
- Staff are supported to improve the quality of their work by being provided with high-quality professional development linked to the priorities for improvement
- Teachers are supported to make accurate assessments about pupils' work by having more frequent opportunities to share the assessments they make with staff in other schools
- Teachers use the assessment information they have to more closely match the learning needs of pupils
- Leaders maintain the more rigorous approach to holding teachers to account for the progress that pupils make.

Financial review

The majority of the academy trust's funding is obtained from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants. This funding is recognised as restricted due to its specific purposes. Any ESFA funding received for fixed assets is shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the academy trust's accounting policies.

The academy trust also receives grants from Somerset County Council for Individually Assigned Resources to support pupils who are eligible for SEN funding. These grants are treated as restricted income.

During the year the academy trust received income of £1,045,697 (2020: £2,522,652) and incurred expenditure of £1,189,052 (2020: £2,622,236) which, together with an actuarial pension fund loss of £227,000 (2020: £549,000 loss), results in a net decrease in funds of £370,355 (2020: £648,584). On 1 February 2021, the academies within the trust transferred to Preston Primary Academy Trust for £nil consideration.

THE LEVELS ACADEMY TRUST

TRUSTEES' REPORT FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021

(CONTINUED)

STRATEGIC REPORT

Reserves policy

The trustees review the reserve levels of the academy annually. The review encompasses the nature of income and expenditure streams, the need to match income with commitments, and the nature of the reserves. As a result of this review the trustees have identified the requirement to hold an amount which is the equivalent to one month's operating cost, which currently amounts to circa £175,000.

Prior to transferring to Preston Primary Academy Trust, the academy's level of free reserves (total funds less the amount held in fixed assets and restricted funds) was £217,421. Additionally within restricted funds the academy holds £72,039 of reserves (including the General Annual Grant) that are considered freely available for general purposes.

The academy anticipates a reduction in future funding (from general government cuts) and expects the finances of the academy to become increasingly tight. As a result, the trustees have retained funds to support future activity. This has been achieved without compromising the quality of education offered to pupils. These reserves were transferred to Preston Primary Academy Trust on 1 February 2021.

Investment policy

A return on working capital should be optimised whilst allowing easy access of the funds. In balancing risk against return the academy policy is clearly geared towards avoiding risk rather than maximising return.

The academy will operate an interest bearing current account with a bank approved by the board of trustees and maintain a balance in that account that is sufficient to cover immediate and forthcoming financial commitments and sufficient contingency for unexpected payments.

THE LEVELS ACADEMY TRUST

TRUSTEES' REPORT FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021

(CONTINUED)

STRATEGIC REPORT

Principal risks and uncertainties

The board of trustees has reviewed the major risks to which The Levels Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The principal risks and uncertainties facing the academy are as follows:

- A fluctuation in pupil numbers, namely risks of revenue funding from a falling roll - This risk is accompanied by uncertainties in future funding formulas including the freeze in the DfE's overall education budget, changes in funding arrangements for SEN and increasing employment and premises costs.
- Financial - The Levels Academy Trust has considerable reliance on continued DfE funding through the ESFA. There is no assurance that government policy and practice will remain the same or that public funding will continue at the same levels or on the same terms. The trend at the moment is funding reductions. These reductions are accompanied by increased staff costs in terms of pension contribution rates and national insurance changes. Somerset is part of the T40 group of lowest funded authorities and there are limited moves evident to equalise per pupil funding across the country.
- Failures in governance and/or management - The risk in this area arises from potential failure to effectively manage the academy's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The trustees continue to review and ensure that appropriate measures to mitigate these risks including regular Internal Review visits and full audit.
- Reputation risk - The continuing success of the academy is dependent on attracting applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk trustees ensure that student success and achievement are closely monitored and reviewed.
- Safeguarding and Child Protection - The trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety and discipline.
- Staffing - The success of the academy is reliant on the quality of its staff so the trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Plans for future periods

The academies within the trust joined Preston Primary Academy Trust on 1 February 2021.

Funds held as Custodian Trustee on behalf of others

The academy and its Trustees do not act as the Custodian Trustees of any other Charity.

THE LEVELS ACADEMY TRUST

TRUSTEES' REPORT FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021

(CONTINUED)

STRATEGIC REPORT

Auditor

Insofar 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 members of the Board of trustees on 15/1/21 and signed on its behalf by:



.....
G Piper
Trustee

THE LEVELS ACADEMY TRUST
GOVERNANCE STATEMENT

Scope of responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that The Levels Academy 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.

The Board of trustees has delegated the day-to-day responsibility to J Barrett, 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 Levels Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of trustees has formally met 5 times during the period. Attendance during the period at meetings of the Board of trustees was as follows:

| Trustee | Meetings attended | Out of a possible |
|----------------|--------------------------|--------------------------|
| J Barrett | 5 | 5 |
| P Brandt | 5 | 5 |
| D Cunningham | 2 | 5 |
| R Fanshawe | 5 | 5 |
| J Limberg | 5 | 5 |
| G Piper | 5 | 5 |

The Finance Committee is a sub-committee of the main Board of trustees. Its purpose is to oversee the finances, personnel, and premises of the Academy Trust. Attendance at meetings during the period was as follows:

| Trustee | Meetings attended | Out of a possible |
|----------------|--------------------------|--------------------------|
| J Barrett | 3 | 3 |
| R Fanshawe | 3 | 3 |
| G Piper | 3 | 3 |

Review of value for money

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

The Accounting Officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the academy trust has delivered improved value for money during the year by:

- Serving as part time CEO
- Developing new nursery provision for MZ/O, to create an income stream as well as encouraging parents to utilise trust school resources from the earliest possible opportunities.

THE LEVELS ACADEMY TRUST
GOVERNANCE STATEMENT (CONTINUED)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Levels Academy Trust for the period ended 1 February 2021 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

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

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

The Board of trustees has considered the need for a specific internal audit function and has decided:

- to appoint Somerset County Council as internal auditor

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

- Review of the financial systems
- Review of the controls
- Review of transactions
- Review of risks

On a termly basis, the auditor reports to the Board of trustees on the operation of the systems of control and on the discharge of the Board of trustees' financial responsibilities.

There were no material controls or other issues reported by the internal auditor to date.

THE LEVELS ACADEMY TRUST
GOVERNANCE STATEMENT (CONTINUED)

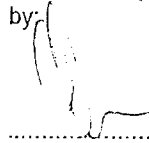
Review of effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of trustees on 15/7/21 and signed on its behalf by:



.....

G Piper
Trustee

THE LEVELS ACADEMY TRUST

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Board of trustees and the ESFA. If any instances are identified after the date of this statement, these will be notified to the Board of trustees and ESFA

- **Financial issues**

Matter 1. During the period the academy did not regularly prepare monthly management accounts containing and income and expenditure report alongside a balance sheet.

Matter 2. The academy failed to submit the Budget Forecast Return by the 29 September 2020 deadline.



.....
J Barrett
Accounting officer

Date: 15/7/21

THE LEVELS ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

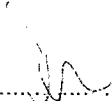
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards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

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

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

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

Approved by order of the members of the Board on 15/7/21 and signed on its behalf by:


.....
G Piper
Trustee

THE LEVELS ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE LEVELS ACADEMY TRUST

Opinion

We have audited the financial statements of The Levels Academy Trust (the 'Academy') for the period from 1 September 2020 to 1 February 2021, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy trust's affairs at 1 February 2021 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2019 to 2020.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that act. 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 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'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 annual report, other than the financial statements and our auditor's report thereon. 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.

THE LEVELS ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE LEVELS ACADEMY TRUST (CONTINUED)

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and Trustees' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Trustees' 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Trustees' Report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 18], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

THE LEVELS ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF THE LEVELS ACADEMY TRUST (CONTINUED)

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

The extent to which the audit was considered capable of detecting irregularities including fraud

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Academy through discussions with trustees and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Academy, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Academy's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

THE LEVELS ACADEMY TRUST

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
THE LEVELS ACADEMY TRUST (CONTINUED)**

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

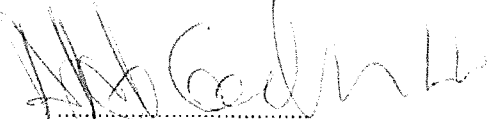
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the Academy's Trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy's trustees 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 and its Trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



Joseph Doggrell BSc (Hons) ACA (Senior Statutory Auditor)
For and on behalf of Albert Goodman LLP, Statutory Auditor

Goodwood House
Blackbrook Park Avenue
Taunton
TA1 2PX

Date: 16/7/2011

THE LEVELS ACADEMY TRUST

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

In accordance with the terms of our engagement letter and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Levels Academy Trust during the year to 1 February 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Board of trustees's funding agreement with the Secretary of State for Education dated and the Academies Financial Handbook extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 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 period to 1 February 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the 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 LEVELS ACADEMY TRUST

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

The work undertaken to draw to our conclusion includes:

- Reviewing compliance against the requirements of the Academies Financial Handbook (September 2020);
- A review of the governance policies and procedures with specific consideration of financial planning, monitoring and control;
- Gaining assurance that the lines of delegation and the limits set both internally by the academy and by ESFA have been adhered to;
- A review of all meeting minutes of the board trustees;
- An examination of financial transactions to identify any unusual items which may be improper; and
- A review of the declaration of interests completed by the trustees.

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period to 1 February 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Matter 1. During the period the academy did not regularly prepare monthly management accounts containing and income and expenditure report alongside a balance sheet.

Matter 2. The academy failed to submit the Budget Forecast Return by the 29 September 2020 deadline.



Joseph Doggrell BSc (Hons) ACA

For and on behalf of Albert Goodman LLP, Chartered Accountants

Goodwood House
Blackbrook Park Avenue
Taunton
TA1 2PX

Date: 16/7/2021

THE LEVELS ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1

FEBRUARY 2021

(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

| | Note | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | 2020/21 Total £ |
|---|------|----------------------------|-------------------------------------|---|-----------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 2 | 8,114 | - | (21,901) | (13,787) |
| <i>Charitable activities:</i> | | | | | |
| Funding for the Academy trust's educational operations | 3 | - | 1,004,108 | - | 1,004,108 |
| Other trading activities | 4 | 55,376 | - | - | 55,376 |
| Total | | 63,490 | 1,004,108 | (21,901) | 1,045,697 |
| Expenditure on: | | | | | |
| <i>Charitable activities:</i> | | | | | |
| Academy trust educational operations | 6 | 7,923 | 1,092,559 | 88,570 | 1,189,052 |
| Transfer out on academies leaving the trust | 26 | 217,421 | (2,027,961) | 5,165,112 | 3,354,572 |
| Net (expenditure)/income | | (161,854) | 1,939,510 | (5,275,583) | (3,497,927) |
| Transfers between funds | | (60,042) | (27,042) | 87,084 | - |
| Other recognised gains and losses | | | | | |
| Actuarial losses on defined benefit pension schemes | 24 | - | (227,000) | - | (227,000) |
| Net movement in (deficit)/funds | | (221,896) | 1,685,468 | (5,188,499) | (3,724,927) |
| Reconciliation of funds | | | | | |
| Total funds/(deficit) brought forward at 1 September 2020 | | 221,896 | (1,685,468) | 5,188,499 | 3,724,927 |
| Total funds/(deficit) carried forward at 1 February 2021 | | - | - | - | - |

THE LEVELS ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2020


(INCLUDING INCOME AND EXPENDITURE ACCOUNT)

| | Note | Unrestricted Funds £ | Restricted General Funds £ | Restricted Fixed Asset Funds £ | 2019/20 Total £ |
|---|------|----------------------------|-------------------------------------|---|-----------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 2 | 13,150 | - | 317,427 | 330,577 |
| <i>Charitable activities:</i> | | | | | |
| Funding for the Academy trust's educational operations | 3 | - | 2,079,507 | - | 2,079,507 |
| Other trading activities | 4 | 112,568 | - | - | 112,568 |
| Total | | 125,718 | 2,079,507 | 317,427 | 2,522,652 |
| Expenditure on: | | | | | |
| <i>Charitable activities:</i> | | | | | |
| Academy trust educational operations | 6 | 118,025 | 2,321,323 | 182,888 | 2,622,236 |
| Net income/(expenditure) | | 7,693 | (241,816) | 134,539 | (99,584) |
| Transfers between funds | | (31,523) | 50,125 | (18,602) | - |
| Other recognised gains and losses | | | | | |
| Actuarial losses on defined benefit pension schemes | 24 | - | (549,000) | - | (549,000) |
| Net movement in (deficit)/funds | | (23,830) | (740,691) | 115,937 | (648,584) |
| Reconciliation of funds | | | | | |
| Total funds/(deficit) brought forward at 1 September 2019 | | 245,726 | (944,777) | 5,072,562 | 4,373,511 |
| Total funds/(deficit) carried forward at 31 August 2020 | | 221,896 | (1,685,468) | 5,188,499 | 3,724,927 |

THE LEVELS ACADEMY TRUST
(REGISTRATION NUMBER: 09437439)
BALANCE SHEET AS AT 1 FEBRUARY 2021

| | Note | 1 February 2021 £ | 31 August 2020 £ |
|---|------|-------------------------|------------------------|
| Fixed assets | | | |
| Tangible assets | 11 | - | 5,231,099 |
| Current assets | | | |
| Debtors | 12 | - | 269,998 |
| Cash at bank and in hand | | - | 493,658 |
| | | - | 763,656 |
| Creditors: Amounts falling due within one year | 13 | - | (427,543) |
| Net current assets | | - | 336,113 |
| Total assets less current liabilities | | - | 5,567,212 |
| Creditors: Amounts falling due after more than one year | 14 | - | (46,285) |
| Net assets excluding pension liability | | - | 5,520,927 |
| Pension scheme liability | 24 | - | (1,796,000) |
| Net assets including pension liability | | - | 3,724,927 |
| Funds of the Academy: | | | |
| Restricted funds | | | |
| Restricted general fund | | - | (1,685,468) |
| Restricted fixed asset fund | | - | 5,188,499 |
| | | - | 3,503,031 |
| Unrestricted funds | | | |
| Unrestricted general fund | | - | 221,896 |
| Total funds | | - | 3,724,927 |

The financial statements on pages 25 to 53 were approved by the Trustees, and authorised for issue on 15/2/21 and signed on their behalf by:



 G Piper
 Trustee

THE LEVELS ACADEMY TRUST

STATEMENT OF CASH FLOWS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021

| | | 1 February 2021 £ | 31 August 2020 £ |
|---|-------------|-------------------------|------------------------|
| | Note | | |
| Cash flows from operating activities | | | |
| Net cash (used in)/provided by operating activities | 18 | (5,613,344) | 25,727 |
| Cash flows from investing activities | 20 | 5,120,628 | (241,826) |
| Cash flows from financing activities | 19 | <u>(942)</u> | <u>28,328</u> |
| Change in cash and cash equivalents in the period | | (493,658) | (187,771) |
| Cash and cash equivalents at 1 September | | <u>493,658</u> | <u>681,429</u> |
| Cash and cash equivalents at 1 February | 21 | <u><u>-</u></u> | <u><u>493,658</u></u> |

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021

1 Accounting policies

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

Basis of preparation

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

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements 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, albeit that the academy's activities will be carried out by the Preston Primary Academy Trust from 1 February 2021, 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

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

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

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

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021 (CONTINUED)

1 Accounting policies (continued)

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

Donations

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

Other income

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

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'.

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

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1
FEBRUARY 2021 (CONTINUED)

1 Accounting policies (continued)

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.

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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.

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

| Asset class | Depreciation method and rate |
|---------------------------------|-------------------------------------|
| Freehold land | Not depreciated |
| Freehold Buildings | 2% |
| Leasehold land | Straight line over the lease term |
| Leasehold buildings | Straight line over the lease term |
| Furniture & Equipment | 20% |
| Computer equipment and software | 20% |
| Motor vehicles | 25% |

THE LEVELS ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1
FEBRUARY 2021 (CONTINUED)**

1 Accounting policies (continued)

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.

Taxation

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

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

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021 (CONTINUED)

1 Accounting policies (continued)

Pension 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 of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

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.

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021 (CONTINUED)

1 Accounting policies (continued)

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 will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 January 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

| | Unrestricted funds £ | Restricted fixed asset funds £ | 2020/21 Total £ | 2019/20 Total £ |
|-------------------------|----------------------------|---|-----------------------|-----------------------|
| Capital grants DfE/ESFA | - | (21,901) | (21,901) | 317,432 |
| Other donations | 8,114 | - | 8,114 | 13,145 |
| | <u>8,114</u> | <u>(21,901)</u> | <u>(13,787)</u> | <u>330,577</u> |

3 Funding for the Academy Trust's educational operations

| | Restricted funds £ | 2020/21 Total £ | 2019/20 Total £ |
|--------------------------------|--------------------------|-----------------------|-----------------------|
| DfE/ESFA revenue grants | | | |
| General Annual Grant (GAG) | 760,336 | 760,336 | 1,787,908 |
| Other DfE/ESFA grants | 211,205 | 211,205 | 224,144 |
| | <u>971,541</u> | <u>971,541</u> | <u>2,012,052</u> |
| Other government grants | | | |
| Local authority grants | 32,567 | 32,567 | 67,455 |
| Total grants | <u>1,004,108</u> | <u>1,004,108</u> | <u>2,079,507</u> |

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021 (CONTINUED)

4 Other trading activities

| | Unrestricted funds £ | 2020/21 Total £ | 2019/20 Total £ |
|----------------------------------|-------------------------|-----------------------|-----------------------|
| Facilities and services income | 29,681 | 29,681 | 46,940 |
| Educational trips and activities | 2,645 | 2,645 | 16,957 |
| Other income | 23,050 | 23,050 | 48,671 |
| | <u>55,376</u> | <u>55,376</u> | <u>112,568</u> |

5 Expenditure

| | Non Pay Expenditure | | | 2021 Total £ | 2020 Total £ |
|---|---------------------|----------------|------------------|--------------------|--------------------|
| | Staff costs £ | Premises £ | Other costs £ | | |
| Academy's educational operations | | | | | |
| Direct costs | 625,957 | - | 43,318 | 669,275 | 1,447,861 |
| Allocated support costs | <u>249,487</u> | <u>136,164</u> | <u>134,126</u> | <u>519,777</u> | <u>1,174,375</u> |
| | <u>875,444</u> | <u>136,164</u> | <u>177,444</u> | <u>1,189,052</u> | <u>2,622,236</u> |

Net income/(expenditure) for the period includes:

| | 2020/21 £ | 2019/20 £ |
|---------------------------------|--------------|--------------|
| Operating lease rentals | 3,667 | 5,592 |
| Depreciation | 88,570 | 173,283 |
| Fees payable to auditor - audit | 5,125 | 6,000 |
| - other audit services | <u>5,701</u> | <u>2,475</u> |

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021 (CONTINUED)

6 Charitable activities

| | | 2020/21 £ | 2019/20 £ |
|--|-------------------------------|----------------------|----------------------|
| Direct costs - educational operations | | 669,275 | 1,447,861 |
| Support costs - educational operations | | 519,777 | 1,174,375 |
| | | <u>1,189,052</u> | <u>2,622,236</u> |
| | Educational operations | 2020/21 Total | 2019/20 Total |
| | £ | £ | £ |
| Analysis of direct costs | | | |
| Teaching and educational support staff costs | 625,957 | 625,957 | 1,339,425 |
| Educational supplies | 28,694 | 28,694 | 77,298 |
| Staff development | 5,090 | 5,090 | 22,918 |
| Other direct costs | 687 | 687 | 1,673 |
| Supply costs | 8,847 | 8,847 | 6,547 |
| Total direct costs | <u>669,275</u> | <u>669,275</u> | <u>1,447,861</u> |
| | Educational operations | 2020/21 Total | 2019/20 Total |
| | £ | £ | £ |
| Analysis of support costs | | | |
| Support staff costs | 249,487 | 249,487 | 535,230 |
| Depreciation | 88,570 | 88,570 | 182,888 |
| Recruitment and support | 15,763 | 15,763 | 16,192 |
| Rent, rates and utilities | 18,458 | 18,458 | 48,340 |
| Insurance | 6,353 | 6,353 | 17,992 |
| Catering | 39,340 | 39,340 | 97,870 |
| Maintenance of premises and equipment | 23,295 | 23,295 | 86,973 |
| Cleaning | 5,841 | 5,841 | 13,268 |
| Technology costs | 26,374 | 26,374 | 54,107 |
| Professional fees | 34,292 | 34,292 | 119,807 |
| Other support costs | 1,178 | 1,178 | 1,708 |
| Governance costs | 10,826 | 10,826 | - |
| Total support costs | <u>519,777</u> | <u>519,777</u> | <u>1,174,375</u> |

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021 (CONTINUED)

7 Staff

Staff costs

| | 2020/21 £ | 2019/20 £ |
|--|----------------|------------------|
| Staff costs during the period were: | | |
| Wages and salaries | 588,072 | 1,333,806 |
| Social security costs | 49,062 | 86,415 |
| Operating costs of defined benefit pension schemes | <u>226,887</u> | <u>289,885</u> |
| | 864,021 | 1,710,106 |
| Staff restructuring costs | <u>11,423</u> | <u>4,067</u> |
| | <u>875,444</u> | <u>1,714,173</u> |
| | 2021 | 31 August |
| | £ | 2020 |
| | | £ |
| Staff restructuring costs comprise: | | |
| Severance payments | <u>11,423</u> | <u>4,067</u> |

Staff numbers

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

| | 2021 No | 2020 No |
|------------------------------|------------|------------|
| Charitable Activities | | |
| Teachers | 18 | 19 |
| Administration and support | 50 | 54 |
| Management | <u>6</u> | <u>6</u> |
| | <u>74</u> | <u>79</u> |

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £123,321 (2020: £307,775).

8 Central services

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

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021 (CONTINUED)

9 Related party transactions - trustees' remuneration and expenses

One or more trustees has been paid remuneration or has 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:

J Barrett (CEO):

Remuneration: £10,000 - £15,000 (2020 - £Nil)

Employer's pension contributions: £Nil (2020 - £Nil)

Other related party transactions involving the trustees are set out in note 25.

10 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.

THE LEVELS ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021 (CONTINUED)

11 Tangible fixed assets

| Cost | Freehold land and buildings £ | Leasehold land and buildings £ | Furniture and equipment £ | Computer equipment £ | Motor vehicles £ | Total £ |
|--|--|---|--|-------------------------------------|---------------------------------|--------------------|
| At 1 September 2020 | 4,166,490 | 1,185,555 | 374,214 | 120,929 | 10,000 | 5,857,188 |
| Additions | - | 7,154 | 21,851 | 31,006 | - | 60,011 |
| Disposals on academies leaving the trust | (4,166,490) | (1,192,709) | (396,065) | (151,935) | (10,000) | (5,917,199) |
| At 1 February 2021 | - | - | - | - | - | - |
| Depreciation | | | | | | |
| At 1 September 2020 | 265,083 | 145,640 | 143,726 | 61,640 | 10,000 | 626,089 |
| Charge for the year | 27,256 | 11,033 | 31,893 | 18,388 | - | 88,570 |
| Disposals on academies leaving the trust | (292,339) | (156,673) | (175,619) | (80,028) | (10,000) | (714,659) |
| At 1 February 2021 | - | - | - | - | - | - |
| Net book value | | | | | | |
| At 1 February 2021 | - | - | - | - | - | - |
| At 31 August 2020 | 3,901,407 | 1,039,915 | 230,488 | 59,289 | - | 5,231,099 |

At the end of the period, the academy trust transferred all of its assets to the Preston Primary Academy Trust leaving the academy trust with assets totalling £nil at the period end.

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021 (CONTINUED)

12 Debtors

| | 1 February 2021 | 31 August 2020 |
|--------------------------------|--------------------|-------------------|
| | £ | £ |
| VAT recoverable | - | 29,451 |
| Prepayments and accrued income | - | 240,547 |
| | <u>-</u> | <u>269,998</u> |

13 Creditors: amounts falling due within one year

| | 1 February 2021 | 31 August 2020 |
|------------------------------------|--------------------|-------------------|
| | £ | £ |
| Other taxation and social security | - | 36,752 |
| Accruals and deferred income | - | 390,791 |
| | <u>-</u> | <u>427,543</u> |

| | 1 February 2021 | 31 August 2020 |
|--|--------------------|-------------------|
| | £ | £ |
| Deferred income | | |
| Deferred income at 1 September 2020 | 41,546 | 32,096 |
| Resources deferred in the period | 21,134 | 41,546 |
| Amounts released from previous periods | (41,546) | (32,096) |
| Deferred income at 1 February 2021 | <u>21,134</u> | <u>41,546</u> |

At 31 January 2021 the academy trust was holding funds received in advance for Universal Infant Free School Meals of £9,890 (2020: £39,560) and £11,244 (2020: £Nil) relating to a PE grant. The deferred income was transferred out with the academies leaving the trust on 1 February 2021.

14 Creditors: amounts falling due after one year

| | 1 February 2021 | 31 August 2020 |
|-------|--------------------|-------------------|
| | £ | £ |
| Loans | <u>-</u> | <u>46,285</u> |

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021 (CONTINUED)

15 Funds

| | Balance at 1 September 2020 £ | Incoming resources £ | Resources expended £ | Gains, losses and transfers £ | Balance at 1 February 2021 £ |
|--|---|----------------------------|----------------------------|---|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 99,644 | 760,836 | (797,449) | (63,031) | - |
| Other DfE/ESFA grants | 10,888 | 210,705 | (185,543) | (36,050) | - |
| Other Local Authority Grant | - | 32,567 | (32,567) | - | - |
| Pension reserve | (1,796,000) | - | (77,000) | 1,873,000 | - |
| | <u>(1,685,468)</u> | <u>1,004,108</u> | <u>(1,092,559)</u> | <u>1,773,919</u> | <u>-</u> |
| Restricted fixed asset funds | | | | | |
| Inherited fixed assets | 3,927,117 | - | (30,099) | (3,897,018) | - |
| DfE/ESFA capital grants | 1,242,014 | (21,901) | (57,077) | (1,163,036) | - |
| Capital expenditure from other restricted funds | 19,368 | - | (1,394) | (17,974) | - |
| | <u>5,188,499</u> | <u>(21,901)</u> | <u>(88,570)</u> | <u>(5,078,028)</u> | <u>-</u> |
| Total restricted funds | 3,503,031 | 982,207 | (1,181,129) | (3,304,109) | - |
| Unrestricted funds | | | | | |
| General | 221,896 | 63,490 | (7,923) | (277,463) | - |
| Total funds | <u>3,724,927</u> | <u>1,045,697</u> | <u>(1,189,052)</u> | <u>(3,581,572)</u> | <u>-</u> |

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021 (CONTINUED)

15 Funds (continued)

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

| | Balance at 1 September 2019 £ | Incoming resources £ | Resources expended £ | Gains, losses and transfers £ | Balance at 31 August 2020 £ |
|--|---|----------------------------|----------------------------|---|---|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 77,528 | 1,787,908 | (1,815,917) | 50,125 | 99,644 |
| Other DfE/ESFA grants | 87,695 | 224,144 | (300,951) | - | 10,888 |
| Other Local Authority Grant | - | 67,455 | (67,455) | - | - |
| Pension reserve | (1,110,000) | - | (137,000) | (549,000) | (1,796,000) |
| | <u>(944,777)</u> | <u>2,079,507</u> | <u>(2,321,323)</u> | <u>(498,875)</u> | <u>(1,685,468)</u> |
| Restricted fixed asset funds | | | | | |
| Inherited fixed assets | 3,996,268 | - | (72,328) | 3,177 | 3,927,117 |
| DfE/ESFA capital grants | 1,056,926 | 317,427 | (110,560) | (21,779) | 1,242,014 |
| Capital expenditure from other restricted funds | 19,368 | - | - | - | 19,368 |
| | <u>5,072,562</u> | <u>317,427</u> | <u>(182,888)</u> | <u>(18,602)</u> | <u>5,188,499</u> |
| Total restricted funds | 4,127,785 | 2,396,934 | (2,504,211) | (517,477) | 3,503,031 |
| Unrestricted funds | | | | | |
| General | 245,726 | 125,718 | (118,025) | (31,523) | 221,896 |
| Total funds | <u>4,373,511</u> | <u>2,522,652</u> | <u>(2,622,236)</u> | <u>(549,000)</u> | <u>3,724,927</u> |

THE LEVELS ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1
FEBRUARY 2021 (CONTINUED)**

15 Funds (continued)

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

General Annual Grant (GAG) - Funding from the Education and Skills Funding Agency to support the education and running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 1 February 2021.

Other DfE/ESFA grants - Grants from the Education and Skills Funding Agency to support PE activities and pupils from low income families and provide universal infant free school meals.

Other local authority grants - Funding from Dorset County Council towards the cost of employing a parent/family support advisor, crossing patrol and support towards the soft playroom refurbishment

Pension reserve - This fund represents the pension deficit for the Local Government Pension Scheme and its associated costs for the period.

Inherited Fixed Assets - This fund is to recognise the value of the donated fixed assets at the conversion of the school to an Academy. The expenditure is the depreciation on those assets.

DfE/ESFA capital grants - This represents the amount of Devolved Formula Capital Grant and other DfE/ESFA grants allocated towards capital and its associated depreciation.

Capital expenditure GAG - This represents the amount of the General Annual Grant allocated towards capital expenditure during the period and its associated depreciation.

Capital expenditure from other restricted funds - This represents the amount of capital income allocated towards capital expenditure and its associated depreciation.

General unrestricted - This represents funds which may be used towards meeting any of the charitable objectives of the academy trust at the discretion of the trustees.

Capital expenditure from unrestricted funds - This represents the amount of unrestricted funds allocated towards capital and its associated depreciation.

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021 (CONTINUED)

15 Funds (continued)

Analysis of academies by fund balance

Fund balances at 1 February 2021 were allocated as follows:

| | 1 February 2021 | 31 August 2020 |
|--|----------------------------|---------------------------|
| | £ | £ |
| Huish Episcopi Primary School | 218,227 | 197,973 |
| Hambridge Community Primary School | 19,624 | 49,301 |
| Middlezoy Primary School and Othery Village School | <u>51,609</u> | <u>85,154</u> |
| Total before fixed assets and pension reserve | 289,460 | 332,428 |
| Restricted fixed asset funds | 5,165,112 | 5,188,499 |
| Pension reserve | <u>(2,100,000)</u> | <u>(1,796,000)</u> |
| Total | <u><u>3,354,572</u></u> | <u><u>3,724,927</u></u> |

The above fund balances were transferred to Preston Primary Academy Trust on 1 February 2021.

THE LEVELS ACADEMY TRUST
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021 (CONTINUED)

15 Funds (continued)

Analysis of academies by cost

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

| | Teaching and Educational Support Staff Costs £ | Other Support Staff Costs £ | Educational Supplies £ | Other Costs (excluding Depreciation) £ | Total 2021 £ | Total 31 August 2020 £ |
|--|---|--------------------------------------|------------------------------|---|--------------------|---------------------------------|
| Huish Episcopi Primary School | 215,696 | 89,969 | 16,182 | 81,397 | 403,244 | 966,868 |
| Hambridge Community Primary School | 207,255 | 53,033 | 10,192 | 44,588 | 315,068 | 748,891 |
| Middlezoy Primary School and Othery Village School | 183,982 | 48,128 | 22,704 | 49,573 | 304,387 | 692,272 |
| Academy Trust | <u>606,933</u> | <u>191,130</u> | <u>49,078</u> | <u>175,558</u> | <u>1,022,699</u> | <u>2,408,031</u> |

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021 (CONTINUED)

16 Analysis of net assets between funds

Fund balances at 1 February 2021 are represented by:

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds £ |
|------------------|----------------------------|-------------------------------------|---|------------------|
| Total net assets | - | - | - | - |

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

| | Unrestricted funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------|----------------------------|-------------------------------------|---|------------------|
| Tangible fixed assets | - | - | 5,231,099 | 5,231,099 |
| Current assets | 221,896 | 538,075 | 3,685 | 763,656 |
| Current liabilities | - | (427,543) | - | (427,543) |
| Creditors over 1 year | - | - | (46,285) | (46,285) |
| Pension scheme liability | - | (1,796,000) | - | (1,796,000) |
| Total net assets | 221,896 | (1,685,468) | 5,188,499 | 3,724,927 |

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021 (CONTINUED)

17 Commitments under operating leases

Operating leases

At 1 February 2021 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

| | 1 February 2021 | 31 August 2020 |
|--|----------------------------|---------------------------|
| | £ | £ |
| Amounts due within one year | - | 5,084 |
| Amounts due between one and five years | - | 13,488 |
| Amounts due after five years | - | 43,500 |
| | <u>-</u> | <u>62,072</u> |

Operating lease commitments at 1 February 2021 were £59,132. These were transferred with the assets and liabilities to Preston Primary Academy Trust.

18 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

| | 2021 | 2020 |
|--|--------------------|----------------|
| | £ | £ |
| Net expenditure | (3,497,927) | (99,584) |
| Depreciation | 88,570 | 182,888 |
| Capital grants from DfE and other capital income | 21,901 | (317,432) |
| Defined benefit pension scheme cost less contributions payable | 65,000 | 116,000 |
| Defined benefit pension scheme finance cost | 12,000 | 21,000 |
| Defined benefit pension scheme obligation transferred on academy leaving the trust | (2,100,000) | - |
| Decrease/(increase) in debtors | 269,998 | (126,564) |
| (Decrease)/increase in creditors | <u>(472,886)</u> | <u>277,747</u> |
| Net cash (used in)/provided by Operating Activities | <u>(5,613,344)</u> | <u>54,055</u> |

19 Cash flows from financing activities

| | 2021 | 2020 |
|---|--------------|---------------|
| | £ | £ |
| Repayments of borrowing | (942) | - |
| Cash inflows from new borrowing | <u>-</u> | <u>28,328</u> |
| Net cash (used in)/provided by financing activities | <u>(942)</u> | <u>28,328</u> |

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021 (CONTINUED)

20 Cash flows from investing activities

| | 2021 £ | 2020 £ |
|---|------------------|------------------|
| Purchase of tangible fixed assets | (60,011) | (559,258) |
| Proceeds from sale of tangible fixed assets | 5,202,540 | - |
| Capital funding received from sponsors and others | (21,901) | 317,432 |
| Net cash provided by/(used in) investing activities | <u>5,120,628</u> | <u>(241,826)</u> |

21 Analysis of cash and cash equivalents

| | 1 February 2021 £ | 31 August 2020 £ |
|---------------------------------|-------------------------|------------------------|
| Cash at bank and in hand | - | 493,658 |
| Total cash and cash equivalents | <u>-</u> | <u>493,658</u> |

22 Analysis of changes in net debt

| | At 1 September 2020 £ | At 1 February 2021 £ |
|--|--------------------------------|-------------------------------|
| Cash | 493,658 | 493,658 |
| Loans falling due after more than one year | (46,285) | (46,285) |
| Total | <u>447,373</u> | <u>447,373</u> |

23 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.

24 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 Somerset County Council. Both are multi-employer defined benefit schemes.

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

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021 (CONTINUED)

24 Pension and similar obligations (continued)

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £75,000 (2020: £159,000).

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 period ended 1 February 2021 was £71,000 (2020 - £155,000), of which employer's contributions totalled £57,000 (2020 - £123,000) and employees' contributions totalled £14,000 (2020 - £32,000). The agreed contribution rates for future years are 23.7 per cent for employers and 6.5 per cent for employees.

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1 FEBRUARY 2021 (CONTINUED)

24 Pension and similar obligations (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 18 July 2013.

Principal actuarial assumptions

| | 1 February 2021 | 31 August 2020 |
|--|----------------------------|---------------------------|
| | % | % |
| Rate of increase in salaries | 3.50 | 3.30 |
| Rate of increase for pensions in payment/inflation | 2.50 | 2.30 |
| Discount rate for scheme liabilities | 1.50 | 1.60 |
| Inflation assumptions (CPI) | <u>2.50</u> | <u>2.30</u> |

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

| | 1 February 2021 | 31 August 2020 |
|------------------------------|----------------------------|---------------------------|
| Retiring today | | |
| Males retiring today | 23.40 | 23.30 |
| Females retiring today | 24.80 | 24.80 |
| Retiring in 20 years | | |
| Males retiring in 20 years | 24.80 | 24.70 |
| Females retiring in 20 years | <u>26.20</u> | <u>26.20</u> |

Sensitivity analysis

| | 1 February 2021 | 31 August 2020 |
|--|----------------------------|---------------------------|
| | £ | £ |
| Discount rate +0.1% | 3,320,000 | 2,859,000 |
| Discount rate -0.1% | 3,498,000 | 3,013,000 |
| Mortality assumption – 1 year increase | 3,538,000 | 3,042,000 |
| Mortality assumption – 1 year decrease | <u>3,282,000</u> | <u>2,832,000</u> |

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1
FEBRUARY 2021 (CONTINUED)

24 Pension and similar obligations (continued)

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

| | 1 February 2021 £ | 31 August 2020 £ |
|------------------------------|-------------------------|------------------------|
| Equities | 937,000 | 793,000 |
| Gilts | 81,000 | 80,000 |
| Other bonds | 132,000 | 124,000 |
| Property | 90,000 | 83,000 |
| Cash and other liquid assets | 68,000 | 59,000 |
| Total market value of assets | <u>1,308,000</u> | <u>1,139,000</u> |

The actual return on scheme assets was £79,000 (2020 - £36,000).

Amounts recognised in the statement of financial activities

| | 2021 £ | 2020 £ |
|-------------------------------------|----------------|----------------|
| Current service cost | 122,000 | 239,000 |
| Interest cost | 20,000 | 41,000 |
| Total amount recognized in the SOFA | <u>142,000</u> | <u>280,000</u> |

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

| | 2021 £ | 2020 £ |
|---|-------------|------------------|
| At start of period | 2,935,000 | 2,150,000 |
| Transferred out on existing academies leaving the trust | (3,408,000) | - |
| Current service cost | 122,000 | 239,000 |
| Interest cost | 20,000 | 41,000 |
| Employee contributions | 14,000 | 32,000 |
| Actuarial (gain)/loss | 298,000 | 505,000 |
| Benefits paid | 19,000 | (32,000) |
| At 1 February | <u>-</u> | <u>2,935,000</u> |

THE LEVELS ACADEMY TRUST

**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1
FEBRUARY 2021 (CONTINUED)**

24 Pension and similar obligations (continued)

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

| | 2021 | 2020 |
|---|-------------|------------------|
| | £ | £ |
| At start of period | 1,139,000 | 1,040,000 |
| Transferred out on existing academies leaving the trust | (1,308,000) | - |
| Interest income | 8,000 | 21,000 |
| Actuarial gain/(loss) | 71,000 | 15,000 |
| Employer contributions | 57,000 | 123,000 |
| Employee contributions | 14,000 | 32,000 |
| Benefits paid | 19,000 | (32,000) |
| Effect of non-routine settlements | - | (60,000) |
| At 1 February | <u>-</u> | <u>1,139,000</u> |

25 Related party transactions

Owing to the nature of the academy trust and the composition of the board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

There were no related party transactions in the period, other than certain trustees' remuneration and expenses already disclosed in note 9.

THE LEVELS ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 SEPTEMBER 2020 TO 1
FEBRUARY 2021 (CONTINUED)

26 Transfer out on academies leaving the Trust

| | Transfer out on academies leaving the trust £ |
|---------------------------------------|--|
| Tangible fixed assets | |
| Freehold land and buildings | 3,874,151 |
| Leasehold land and buildings | 1,036,036 |
| Furniture and equipment | 220,446 |
| Computer equipment | 71,907 |
| | <u>5,202,540</u> |
| Other assets | |
| Debtors due after one year | 29,286 |
| Cash in bank and in hand | 324,611 |
| | <u>353,897</u> |
| Liabilities | |
| Creditors due in less than one year | (56,522) |
| Creditors due in more than one year | (45,343) |
| | <u>101,865</u> |
| Pensions | |
| Pensions – pension scheme assets | 1,308,000 |
| Pensions – pension scheme liabilities | (3,408,000) |
| | <u>(2,100,000)</u> |
| Net assets | <u><u>3,354,572</u></u> |

27 Events after the end of the reporting period

On 1 February 2021 the net assets and activities of the academy were transferred to the Preston Primary Academy Trust (company registration number: 08727883), a multi academy trust, after which the academy has been dormant and is likely to be wound up.