

Company Registration No. 08087508 (England and Wales)

ZEST ACADEMY TRUST

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 2021

ZEST ACADEMY TRUST

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ZEST ACADEMY TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mr J Henderson
Mr P Thompson
Mr N Toyne

Directors

Mr P Thompson (Chair)
Mr M J Hamblett (Principal and Accounting Officer)
Miss M Kirkham
Mr H Asher
Mrs S E Darbyshire
Mrs R L Foxton

Senior management team

- Chief Executive Officer	Mr M Hamblett
- Chief Financial Officer	Mrs K Salisbury
- Chief Operating Officer	Mrs N Lea

Company secretary

Mrs K Salisbury

Company registration number

08087508 (England and Wales)

Registered office

Waterloo Road
Blackpool
FY4 3AG

Independent auditor

MHA Moore and Smalley
Richard House
9 Winckley Square
Preston
PR1 3HP

Solicitors

Forbes Solicitors
Ribchester House
Lancaster Road
Preston
PR1 2QL

ZEST ACADEMY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2021

The Directors present their annual report together with the accounts and independent auditor's reports of the Charitable Company for the period 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

As of the 31st August 2021, Waterloo Primary Academy remains as the only academy within the trust. The academy trust operates an academy for pupils aged 3 to 11 serving a catchment area in Blackpool. It has a pupil capacity of 656 and had 629 on roll as at July 2021. Pupil numbers includes the academy's maintained nursery.

In accordance with the articles of association the Charitable Company has adopted a "Scheme of Governance" approved by the Secretary of State for Education. The Scheme of Governance specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should be broad, balanced and comply with the substance of the national curriculum.

Structure, governance and management

Constitution

Zest Academy Trusts incorporated name change came in to force on 22 April 2016. The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Academy Trust name change was incorporated on 22nd April 2016 following Waterloo Primary Academy's incorporation on 29th May 2012.

The Directors are the trustees of Zest Academy Trust and are also the directors of the Charitable Company for the purposes of company law. Details of the Directors who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

The Academy has purchased indemnity insurance to protect governors and officers from claims arising in connection with Academy business. The insurance provides cover of up to £5,000,000 on any one claim.

ZEST ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Method of recruitment and appointment or election of Directors

Members

The Articles of Association under Article 12 states that the number of members of the Academy Trust shall not be less than three.

Trustees / Directors

The Articles of Association under Article 45 states that the number of Trustees of the Academy Trust shall not be less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

Subject to Articles 48-49 and 53 the Academy Trust shall have the following Trustees:

- 5 trustees appointed under Article 50
- minimum of 2 parent trustees under Articles 53-56 in the event that no Academy Councils are established
- Co-opted trustees under Article 58
- Original trustees named in the statement delivered pursuant to sections 9 and 12 of the Companies Act 2006
- The total number of trustees including the Chief Executive Officer under Article 57 shall not exceed one third of the total number of Trustees

Zest Academy Trust recognises the importance of transparency and are working towards limiting the number of 'staff trustees' on the board to just the Chief Executive Officer.

Academy Councils

The Academy Trust has appointed Academy Councils within its academies with the membership structure as follows:

- 2 parent academy council members
- 1 teaching academy council member
- 1 non-teaching academy council member
- Academy Council Members as appointed by the board of Trustees

The term of office for any Trustee or Academy Council Member shall be 4 years, save that this time limit shall not apply to any post which is held ex officio. Subject to remaining eligible to be a particular type of Trustee, any Trustee may be re-appointed or re-elected.

Policies and procedures adopted for the induction and training of Directors

The training and induction provided for new Members, Trustees and Academy Council Members will depend on their existing experience.

All Members, Trustees and Academy Council Members are provided with copies of key documents, such as policies, procedures, accounts, budgets, plans and other documents on appointment and in relation to their role.

Induction is undertaken for all those in governance, which highlights their responsibilities and accountabilities. Further training is offered by the Trust and also National Governance Association.

In 2019, the Trust held its second annual conference for Members, Trustees and Academy Council Members. The focus was based around accountabilities, responsibilities and strategy for growth. A third conference was planned for June 2020 but was postponed due to the global coronavirus pandemic. Due to the ongoing pandemic the trust was unable to host the conference this year in June 2021. This still remains of high importance for this to be held again in June 2022.

ZEST ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Organisational structure

The Academy Trust consists of four levels of organisation structure: Members, Trustees / Directors, Academy Council Members, the Principal and Senior Leadership Team. The Trust have continue to have a separate Finance, Risk and Audit Committee whom have delegated responsibilities as identified in their Terms of Reference. The finance team continue to work closely with this committee who question accountability monthly.

Over the last year, Zest Academy Trust have continued to work with The Constant Group and the CST (Confederation of School Trusts) on governance best practice.

Members are accountable for:

- determining the Trust constitution
- vision and values
- appointing and removing Trustees
- approving the Trusts annual financial accounts

Trustees are responsible for:

- strategy and leadership
- policies and practice
- financial management
- risk management
- central services
- safeguarding
- strategy for growth

Academy Council members are responsible for:

- curriculum and standards
- teaching and learning
- pupil progress
- annual budget monitoring
- academy admissions

Academy Council Members have powers delegated to them from the Trustees to make decisions on behalf of the academy as detailed in the scheme of delegation. The scheme of delegation has been reviewed in the year 2020-2021 to show clear lines of accountability in line with the academies Financial Handbook and Governance Handbook.

During the course of 2020-2021 academic year the Trust met four times, with members also meeting to undertake their Annual General Meeting to sign off the Trust accounts.

The Trustees have reviewed the financial scheme of delegation, which clearly sets out the level of financial authority delegated to the CEO / Principal (who is the Accounting Officer) and other members of staff. This document has been circulated to all staff.

Arrangements for setting pay and remuneration of key management personnel

Zest Academy Trust has a robust performance management policy in place for setting pay and remuneration for key Trust personnel.

Rigorous performance targets are set in the autumn term by the Headteacher appraisal committee, comprising the Chair of the Waterloo Academy Council and Zest Trustees, facilitated by the independent School Adviser. These progress measures are reviewed regularly but are linked to pupil progress, strategic leadership and individual operational performance. Targets are reviewed three times throughout the year. Recommendations are then made to the full Academy Council and Trustees.

Trade union facility time

The Trust does not have any relevant union officials.

ZEST ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Related parties and other connected charities and organisations

Zest Academy Trust is a Multi Academy Trust with one academy, Waterloo Primary Academy.

The Trust works closely with a cluster of local Blackpool academies, sharing best practice and working collaboratively on a variety of topics. The Trust offer traded services to other organisations for HR and, Governance Clerking.

The trust currently have two related party companies, each transaction has been recorded correctly on the related party transactions portal and records are kept at school and trust level.

Objectives and activities

Objects and aims

Zest Academy Trust is ambitious, optimistic and forward thinking. It aims to:

- recruit and retain high quality staff
- deliver and develop quality first teaching. Provide a relevant and engaging curriculum
- build capacity for improvement with schools
- promote wellbeing
- celebrate diversity
- deliver rapid and sustained improvement

The Trust is committed to achieving high outcomes for all its children. Headteachers, supported by Academy Council Members and Trustees, are committed fully to securing the highest standards and to sustaining improvement in all areas of the school's work. The Trust benefits from a very high standard of experienced leadership, not only in the Trust but also within its academy.

Zest Academy Trust will:

- promote a love of learning, have a constant focus on teaching and assessment and will effectively manage all its resources
- prepare our children for life's challenges by creating innovative, safe learning environments that challenge preconceptions and expectations
- value each member of the Zest learning community by trusting, supporting and treating each other with dignity and respect
- enable our family of schools to maintain and develop their own school identity, sharing innovative practice and support
- enable staff to develop professionally and share their enthusiasm and love of learning with the children in their care
- share expertise and experience within the Zest community and will collaboratively support professional development and build effective learning capacity
- always challenge to improve

Objectives, strategies and activities

The Trusts' long term objective is to establish a successful Multi Academy Trust which works collaboratively with its academies. The Trust has the capacity to sponsor schools who are in need of support and identified by the Regional Schools Commissioner after the DfE has issued an academy order.

We firmly believe that our Trust should:

- provide guidance and support
- challenge where appropriate
- work collaboratively
- be committed to improving outcomes for children

The Trust is also committed to adhering to the 7 principles of public life, selflessness, integrity, objectivity, accountability, openness, honesty and leadership (the Nolan Principles).

ZEST ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

We remain committed to fulfilling our objectives and aims, we are ambitious as a Trust, optimistic and forward thinking.

Exit surveys from staff who leave us, suggest they are happy with the level of wellbeing and CPD they receive, many of our departing staff actually leave us for promotions, which we hope we have prepared them for through opportunities within our own Trust.

One of our biggest priorities as a Trust is to grow, through effective promotion, we are hoping to see some positive growth in the near future. We are keen to promote the Trust in the most positive light,, having established positive relationships with many local schools through school to school support and traded services offered.

The Trust's founding school has seen sustained improvement in the last three years, in a bid to eradicate weaker teaching, thus improving outcomes for all the children in the Trust.

The board of Trustees and Members has seen some significant change in the last 12 months with a new chair who will bring new energy and a fresh direction working closely with the CEO. All new Trustees and Members have been sought to fulfil gaps in skills and experience and are committed to improvement and growth across the Trust.

The development of the Finance, Audit and Risk committee has shown great change in our trust governance structure providing us with question and considerations from another level. The team have been scrutinised monthly to ensure we are providing the best level of finance and procurement for the Trust.

Public benefit

The Trustees are aware of the Charity Commission Guidance on providing public benefit and have had due regard to this in exercising their duties during the year. The key public benefit delivered by Zest Academy Trust as identified in the Articles of Association is to provide education to the young people of the community it serves.

ZEST ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report

Achievements and performance

The Trust utilises a variety of KPIs such as financial data, assessment data and Ofsted ratings. Due to COVID-19 the Trust did not receive any published pupil data for reading, writing and mathematics (end of KS1 and end of KS2). Similarly, there was no phonics check for Y1 and no EYFS data made available. All national testing was cancelled, therefore there is no national data available for us to benchmark against. Despite national lockdowns and disruption to the school year, the Trust have made data predictions for EYFS, Y1 phonics, Y4 multiplication checks and end of key stage assessments (Y2 and Y6). As a result of the widespread school closures, all national tests and exams were cancelled again in 2020-21 and for children of primary age, no data was submitted to the DfE or published nationally.

The trust looked at the following KPIs in the academic year:

Direct Costs as a percentage of the total costs were 67% (2020: 66%). The Trust saw a decrease in direct costs due to reducing their members of staff and not always employing like-for-like when staff left. Spending on teaching resources as a percentage of total expenditure were 3.9% (2020: 4.6%). The trust saw a decrease on spending for teaching resources, this was due to the change in the finance system and the decision was made in the prior academic year to implement a whole school ordering system. This has had a positive impact on the trust and hopefully will continue to decrease. Other spending has slightly increased as a percentage for total expenditure were 13.7% (2020: 13.2%). This was due to increased cost of staff development opportunities.

Waterloo Primary Academy was inspected in February 2018 with the following outcomes being achieved.

OFSTED (February 2018)

Overall effectiveness: Good 2

Previous inspection: Good 2

In the academic year 2020-21, the school prepared for reopening in 'bubbles'. Life in school was very different, teaching and learning strategies were stretched. Every single aspect of school life had been affected, all teams felt something different. Teachers, children, teaching assistants, clerical staff, site staff, kitchen staff. The resilience demonstrated by all staff colleagues was immense. The school puts children at the heart of every single decision made. This didn't change during this period, however it was all completed with Covid being an added consideration, even down to how we walk around the building.

All year group bubbles closed at some point over the year, some on multiple occasions. With some trepidation, the school very quickly responded with a remote offer. Lessons ceased in school on one day and remote teaching would be picked up the next day. Devices were issued to all children who weren't able to access their own. DfE devices for 4G access were also sought and delivered to households.

Going concern

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

ZEST ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Financial review

The Trust's total incoming resources during the period were £3,926,099 (2020: £3,588,717). The majority of the Trust's income derives from central government funding via the Education and Skills Funding Agency, in the form of current grants. Total funding received for the Trust's educational operations in the period was £3,872,548 (2020: £3,749,066) and further details are provided in note 17 to the accounts.

Total outgoing resources for the period were £3,692,321 (2020: £3,356,464) all of which related to the direct provision of educational operations and further details are provided in note 5 to the accounts.

The in year surplus on restricted general funds (excluding pension reserve) and unrestricted funds was £214,712 (2020: £83,296).

At the period end the Trust's total reserves were £2,007,763 (2020: £2,301,212) details of which are included in note 18 to the accounts.

On conversion in 2011 the Trust inherited a deficit of £956,000 in respect of the Local Government Pension Scheme, which many of the non-teaching staff belong to. This deficit had increased to £3,208,000 by 31 August 2021, mainly due to changes in actuarial assumptions regarding future returns on investments and the present value of future liabilities. The Trust is currently paying contributions of approximately £33,300 towards the deficit, funded out of GAG. The Trust does not have an obligation to settle this liability immediately and there are no indications that it will crystallise in the foreseeable future.

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of academy closure, outstanding local government pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

At 31 August 2021 all assets shown in the accounts were used exclusively for providing education and associated support services to students of the Trust.

Reserves policy

The Trust Board review the reserve levels each year. The review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance and repairs.

The Trusts current reserves, net of amounts allocated to fixed assets and the pension deficit, are £1,269,662 (2020: £937,151).

The Trust will take appropriate action to ensure that reserves are always at a prudent level.

ZEST ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

At 31 August 2021 the Trust held the following reserves.	2021	2020
Total reserves	2,043,880	2,301,212
Add back Pension reserve	3,208,000	2,613,000
Less reserves attributable to Fixed assets	(3,982,218)	(3,977,061)
Unrestricted and general restricted funds	1,269,262	937,151
Less restricted general funds	(1,019,459)	(731,019)
Free reserves	250,203	206,132

Restricted GAG reserves

The Trustees have considered the level of GAG reserves which they believe will provide sufficient working capital to cover delays between the spending and receipt of grants and unexpected or planned future revenue and capital costs. At 31 August 2021 the school held GAG reserves of £1,017,959 (2020: £731,019). The Trust aim to have in their reserves at least two month's salary and business costs with additional costs being accumulated for school improvement. At 31 August 2021, the Trust's GAG reserves are currently higher than the policy however as the Trust have plans for spending some of the established reserves as outlined in the 'plans for future periods' section of this report.

Unrestricted reserves

In addition to the GAG reserve, which can only be utilised for the restricted purposes set out in the Funding Agreement, the Trust holds unrestricted free reserves, which provide additional working capital and are not committed or designated at 31 August 2021 the level of unrestricted reserves held was £250,203 (2020: £206,132), which is in line with the reserves policy.

Investment policy

All investments are agreed by the board of Trustees, which has regard to the Charity Commission guidance in relation to charity investment policy. The Trust does not currently hold any investments other than cash, which is held for its normal operations. The Trustees have adopted a low risk strategy to its cash holdings. Surplus cash is held in an instant access deposit account to ensure that there is always access to sufficient cash to meet short and medium term requirements.

Principal risks and uncertainties

Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to teaching, provision of facilities, other operational areas of the Trust and its finances. Risk is a standing agenda item and is reviewed on a quarterly basis.

Trustees continue to assess risks and Trustees are heavily involved in risk management. The Trust strategically planned for increasing teachers pension's contributions and have been able to set a balanced budget for the next three years.

ZEST ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The internal financial systems of delegation are based on the Academies Financial Handbook September 2020 alongside the Trusts scheme of delegation and financial management procedures. The systems are based on a framework of segregation of duties, schemes of delegation that include authorisation and approval at each layer. Over the Summer period a full internal audit was undertaken to ensure the Trust budget setting process were fully compliant with the AFH 2020, and what evidence there was to support this. .

To further support the organisation the Trust have also reviewed the ESFA guidance Indicators for potential fraud: a generic checklist for education providers and provided commentary on who the Trust manages the risk.

All Trustees on a monthly basis receive;

- A copy of the Trust Management Accounts
- A copy of the Trusts Aged Creditors
- A copy of the Trusts Aged Debtors
- A copy of the Trusts Cash Flow Statement
- A copy of the Trust Cash Flow Forecast
- A copy of the Balance Sheet
- A copy of the VAT submission
- A copy of the Contracts
- A copy of the Accrued/Prepaid income and expenditure

Both Trustees and Academy Council Members, also receive quarterly reports which are differentiated depending on the layer of governance they fall under.

The Trust continues to utilise the Internal Scrutiny process. The internal scrutiny role has been performed, by Hacker Young and reports have been presented to Trustees. No major issues have been identified and any recommendations have been implemented.

Financial and risk management objectives and policies

The Trust receives a portion of its income on a monthly basis and manages its cash flow accordingly.

The key Trust financial objectives are;

- Adhere to the 7 principles of public life
- Apply at all time, best value principles
- Monitor and report on financial matters
- Ensure that all financial transactions are open and transparent

In line with the financial objectives the Trust recognises that risk management is key to the success of the Trust and as such the Chief Finance Officer and Chief Operations Officer reviews the risk register on a monthly basis. The risk register considers strategic and reputational risks, operational risk, compliance risks and financial risks. The risk register is a live working document.

The Trust also regularly undertakes horizon scanning and keeps up to date with new policy and legislation changes that could impact on the Trusts financial position or otherwise.

ZEST ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Fundraising

The Academy Trust has undertaken fundraising during 2020/21 where funds have been raised to support local and national charities. Traditional approaches to fundraising have been used, including non-uniform days. All funds are collected by the Finance Department and paid to the relevant charity via BACS or directly to the charity chosen bank.

Secondly, funds would have been raised by the Academy to improve the quality of education for all students. Fundraising initiatives unfortunately were not undertaken this year due to the impact of COVID.

The Trust does not have a PTFA associated with Waterloo Primary Academy. All fundraising activities are monitored by the Senior Leadership Team and are undertaken in accordance with regulations. The Academy does not work with professional fundraisers or commercial participators and has received no complaints in relation to its fundraising activities.

It is hoped that the Waterloo Primary Academy will develop a 'Friends of Waterloo' over the coming year to assist with fundraising. The impact of Covid prevented this from developing further.

Plans for future periods

The Trusts strategic development plan outlines its growth strategy. Whilst continuing to raise standards at Waterloo Primary Academy, we are keen to grow. The Executive team continue to liaise with both the RSC for the North and LWY (Lancashire and West Yorkshire) in providing school to school support.

The Trust have continued to provide business and finance support to other schools and academies in the form of service contracts and will continue this line of income generation. In the academic year 2020-21, the Trust will also provide packages of governance support and clerking service to schools or academies.

The founding school in the Trust, Waterloo is entering its most stable period in recent years, with a full complement of senior leaders and a very good quality of education being provided across all year groups. The Headteacher is very keen to further develop the relationship with other local schools. There has been a lot of interest, locally and nationally in the academy's curriculum offer, we continue to develop this and hope the interest this has generated will lead to other schools taking more of an interest in our successes. Support is still offered to a school in Cumbria deemed vulnerable, the Headteacher is keen to explore the opportunity of joining a Trust and are now being active in seeking this opportunity. The school itself is already an academy convertor but not part of a Trust. Further discussions with the academy's Headteacher are very positive. Zest are keen to welcome the school.

School Trust. The Central Team are meeting with the RSC regularly to discuss this. Ongoing discussions around growth and school improvement are being met with positive feedback. Every teacher from the school has visited Waterloo over the last academic year and each visit has provided our staff with empowering CPD opportunities.

Plans for the future also include spending some of the established reserves. In a bid to improve the aesthetic appearance of school (which will hopefully increase our pupil numbers), work will soon commence on the EYFS Nursery outdoor learning space, a newly developed sensory garden, whole school external signage, playground markings and planters.

Funds held as custodian trustee on behalf of others

For the year ending 31 August 2021 there are no assets and arrangements for safe custody segregation.

ZEST ACADEMY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

Auditor

In so far as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Directors 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.

A resolution proposing that MHA Moore and Smalley be reappointed as auditor of the Charitable Company will be put to the members.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 16/12/2021..... and signed on its behalf by:



.....
Mr P Thompson
Chair

ZEST ACADEMY TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2021

Scope of responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that Zest 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 the CEO, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Zest 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 3 times during the year. The finance and audit responsibilities are included within the board of directors meetings and no separate committee is set up for these responsibilities.

Although the Board has only met three times in the year, the Trust has set up a finance and audit sub-committee of the Board that now meets throughout the year and informs the Board. As a result of these the Board maintains effective oversight of funds. The Finance team have monthly communication with the Finance, audit and risk committee. Who analyse the monthly management account and raise necessary questions monthly. Record of this communication is held by the finance team. The finance team also worked closely with this committee when producing the Budget to ensure that we were delivering an achievable budget.

All meeting for the Academic year 2020-21 have been held virtual due to the pandemic. We have maintained regular contact through email, governance hub and virtual meetings. Covid had had an effect on the Trust once again this year through us not being able to meet face to face. We have also had some absences in the year not allowing us to meet for a fourth time. We have communicated with our Directors and Trustees throughout the year, updating them when submissions have been made. The internal scrutiny plan was shared with trustees at the beginning of the year and following all internal scrutiny reviews, the findings have been shared with with the Trustee on Governor Hub.

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

Directors	Meetings attended	Out of possible
Mr P Thompson (Chair)	2	3
Mr M J Hamblett (Principal and Accounting Officer)	3	3
Miss M Kirkham	0	3
Mr H Asher	3	3
Mrs S E Darbyshire	3	3
Mrs R L Foxton	3	3

Review of value for money

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

ZEST ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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

- Quality first teaching
- Improved assessment and tracking systems
- New financial software to streamline process
- New educational curriculum
- Business consultancy in both financial and educational
- Robust procurement and contract management processes in place.
- Preparing business cases

The Trust have introduced business cases to ensure that they are always sourcing value for money. The project manager completes a business case detailing the purpose of the expenditure and providing three quotes as evidence of obtaining value for money.

As disclosed in note 24 to the accounts, the Trust engaged with Apparatus Ltd, a related party of a member of the local governing body of Waterloo School. The trust had previously used this supplier, prior to them becoming a related party, and at that point had undertaken a detailed procurement exercise to assure themselves of value for money. The transactions this year relating to creative design and marketing were on similar terms to prior transactions and in the Trust's view still represented value for money.

Also as disclosed in note 24, the Trust engaged with Dimensions Curriculum Ltd, a related party of another member of the local governing body of Waterloo School in connection with curriculum design. In respect of the curriculum design, alternative providers and associated costs were discussed at Trust Board level in the prior year, without the involvement of the local governing body member. Dimensions Curriculum Ltd offered a bespoke curriculum design, something which is difficult to procure on a like-for-like basis. The Trust Board were satisfied that the transaction represented good value for money.

All transactions with these related parties were reported to the ESFA during the year in line with the requirements for reporting related party transactions.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Zest Academy Trust for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

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

ZEST ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the board of Trustees 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;
- Robust systems and controls in place to identify risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However the Directors have appointed UHY Hacker Young, an external accounting firm to provide internal scrutiny for the period of 2020-2021.

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. Trustees of the Trust identify the focus of the internal audit.

The visits for 2020/21 were undertaken remotely on 27th January, 26th March and 25th June 2021. The following systems were reviewed:

- Testing of payroll systems
- Testing of purchase systems
- Testing of control account/bank reconciliations
- Testing of returns
- Testing of risk management
- Testing of credit cards purchases
- Budgeting processes

All findings are presented to the Trust Board and documentation uploaded to Governor Hub. All feedback has been actioned with immediate effect.

Review of effectiveness

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

- The work of the responsible officer
- 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

ZEST ACADEMY TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Trustees and Academy Council Members of Waterloo Primary Academy and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 16/12/2021 and signed on its behalf by:



Mr P Thompson
Chair



Mr M J Hamblett
Principal and Accounting Officer

ZEST ACADEMY TRUST

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

As accounting officer of Zest 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 2020.

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



Mr M J Hamblett
Accounting Officer

15/12/2021.....

ZEST ACADEMY TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2021

The directors (who also act as trustees for Zest Academy Trust) are responsible for preparing the Trustees' report and the accounts in accordance with the Academies Accounts Direction 2020 to 2021 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

16/12/2021

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



Mr P Thompson
Chair

ZEST ACADEMY TRUST

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

Opinion

We have audited the accounts of Zest Academy Trust for the year ended 31 August 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

ZEST ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZEST ACADEMY TRUST (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Other information

The Directors are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Other information includes Reference and Administrative details, Trustees Report incorporating the Strategic Report and the Directors Report, the Governance Statement, the Statement on Regularity, Propriety and Compliance and the Trustees Responsibility Statement. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Directors

As explained more fully in the statement of Trustees' responsibilities, the Directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

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

ZEST ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZEST ACADEMY TRUST (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Auditor's responsibilities for the audit of the accounts

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

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

- Enquiries with management , including governors , about any known or suspected instances of noncompliance with laws and regulations and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing internal audit reports;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Because of the field in which the client operates , we identified the following areas as those most likely to have a material impact on the financial statements: Health & Safety; compliance with the Academies Financial Handbook; safeguarding and child protection; employment law; data protection and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognize the non-compliance.

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

ZEST ACADEMY TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ZEST ACADEMY TRUST (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Use of our report

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



Christine Wilson (Senior Statutory Auditor)
for and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

20/12/2021
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ZEST ACADEMY TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ZEST ACADEMY TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2021

In accordance with the terms of our engagement letter dated 15 November 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Zest Academy Trust during the period 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Zest Academy Trust's funding agreement with the Secretary of State for Education dated 18 May 2016 and the Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes an evaluation of the control environment of the Trust together with enquiry, analytical review, substantive testing of transactions and consideration of governance issues.

ZEST ACADEMY TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2021

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

MHA Moore and Smalley

Reporting Accountant

MHA Moore and Smalley

Richard House
9 Winckley Square
Preston
PR1 3HP

20/12/2021

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ZEST ACADEMY TRUST

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2021

		Unrestricted funds	Restricted general funds	Restricted fixed asset funds	Total 2021	Total 2020
	Notes	£	£	£	£	£
Income and endowments from:						
Donations and capital grants	4	-	1,600	212,335	213,935	195,074
Charitable activities:						
- Funding for educational operations	5	52,436	3,639,885	-	3,692,321	3,356,464
Other trading activities	6	19,721	-	-	19,721	36,757
Investments	7	122	-	-	122	422
Total		<u>72,279</u>	<u>3,641,485</u>	<u>212,335</u>	<u>3,926,099</u>	<u>3,588,717</u>
Expenditure on:						
Charitable activities:						
- Educational operations	9	28,208	3,718,844	125,496	3,872,548	3,749,066
Total	8	<u>28,208</u>	<u>3,718,844</u>	<u>125,496</u>	<u>3,872,548</u>	<u>3,749,066</u>
Net income/(expenditure)		44,071	(77,359)	86,839	53,551	(160,349)
Transfers between funds	17	-	81,682	(81,682)	-	-
Other recognised gains/(losses)						
Actuarial losses on defined benefit pension schemes	19	-	(347,000)	-	(347,000)	(15,000)
Net movement in funds		44,071	(342,677)	5,157	(293,449)	(175,349)
Reconciliation of funds						
Total funds brought forward		206,132	(1,881,981)	3,977,061	2,301,212	2,476,561
Total funds carried forward	17	<u>250,203</u>	<u>(2,224,658)</u>	<u>3,982,218</u>	<u>2,007,763</u>	<u>2,301,212</u>

ZEST ACADEMY TRUST

BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	13		3,796,861		3,882,098
Current assets					
Debtors	14	349,884		269,700	
Cash at bank and in hand		1,216,724		933,688	
		<u>1,566,608</u>		<u>1,203,388</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(147,706)		(171,274)	
Net current assets			1,418,902		1,032,114
Net assets excluding pension liability			5,215,763		4,914,212
Defined benefit pension scheme liability	19	(3,208,000)		(2,613,000)	
Total net assets			<u>2,007,763</u>		<u>2,301,212</u>
Funds of the Academy Trust:					
Restricted funds	17				
- Fixed asset funds			3,982,218		3,977,061
- Restricted income funds			983,342		731,019
- Pension reserve			(3,208,000)		(2,613,000)
Total restricted funds			<u>1,757,560</u>		<u>2,095,080</u>
Unrestricted income funds	17		250,203		206,132
Total funds			<u>2,007,763</u>		<u>2,301,212</u>

The accounts on pages 25 to 47 were approved by the Directors and authorised for issue on 16/12/2021 and are signed on their behalf by:



Mr P Thompson
Chair

Company Number 08087508

ZEST ACADEMY TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Net cash provided by operating activities	20		174,397		147,332
Cash flows from investing activities					
Dividends, interest and rents from investments		122		422	
Capital grants from DfE Group		119,940		48,900	
Purchase of tangible fixed assets		(11,423)		(31,018)	
Net cash provided by investing activities			108,639		18,304
Net increase in cash and cash equivalents in the reporting period			283,036		165,636
Cash and cash equivalents at beginning of the year			933,688		768,052
Cash and cash equivalents at end of the year			1,216,724		933,688

ZEST ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

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

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

1.1 Basis of preparation

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

The financial statements are prepared in sterling, which is the functional currency of the Academy. Monetary amounts in these financial statements are rounded to the nearest £.

1.2 Going concern

The Directors assess whether the use of going concern is appropriate, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company to continue as a going concern. The Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the accounts. The Directors have considered the impact of the Government response to Covid-19 on the activity of the Trust in terms of both increased costs of compliance with guidelines and catch up in learning and also the potential of reduced income. The Directors have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern. Thus they continue to adopt the going concern basis of accounting in preparing the accounts.

1.3 Income

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

Grants

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

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

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

ZEST ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

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 accounts until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

ZEST ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

1.5 Tangible fixed assets and depreciation

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. 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 such assets is charged to the restricted fixed asset fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Land and buildings	Over the lease term/2%
Computer equipment	3 years
Fixtures, fittings & equipment	4 to 5 years

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

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

1.6 Liabilities

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

1.7 Leased assets

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

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

ZEST ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

(Continued)

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 Taxation

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

1.10 Pensions benefits

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

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

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

1.11 Fund accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency and other government bodies.

ZEST ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Valuation of the Local Government Pension Scheme defined benefit liability

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Useful economic life of tangible fixed assets

The useful economic life of tangible fixed assets is judged at the point of purchase. These are disclosed above under the policy for tangible fixed assets and depreciation..

Impairment of fixed assets

At each balance sheet date, management undertake an assessment of the carrying value of tangible fixed assets to determine whether there is any indication that the value has been impaired. Where necessary, impairment is recorded as an impairment loss.

Impairment of trade debtors

At each balance sheet date, management undertake a review of outstanding debtor balances and consider whether there is any indication of impairment or any balances requiring provision.

This calculation is based on the financial position of the customers, the payment history and any ongoing discussions.

Critical areas of judgement

Classification and valuation of long leasehold land and buildings

The academy's long leasehold land and buildings are held under a 125 year lease and are wholly used in the course of the academy's business and are held within the academy. No value was paid for the land and buildings, which have been incorporated into the accounts as a donated asset, based on a depreciated replacement cost valuation carried out as at 31 March 2013 on behalf of the Department for Education by DTZ. This valuation has been adjusted to take account of depreciation in the period since conversion, to arrive at an estimate for the value of land and buildings acquired on conversion. Subsequent purchases of land and buildings are initially measured at cost.

3 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to limits at 31 August 2021 on the amount of GAG that could be carried forward from one year to the next.

ZEST ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

4 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Capital grants	-	212,335	212,335	194,074
Other donations	-	1,600	1,600	1,000
	-	213,935	213,935	195,074

The income from donations and capital grants was £213,935 (2020: £195,074) of which £- was unrestricted (2020: £1,000), £1,600 was restricted (2020: £-) and £212,335 was restricted fixed assets (2020: £194,074).

5 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
DfE / ESFA grants				
General annual grant (GAG)	-	2,768,293	2,768,293	2,488,209
Other DfE / ESFA grants:				
UIFSM	-	56,936	56,936	-
Pupil premium	-	438,704	438,704	-
Others	-	137,438	137,438	667,507
	-	3,401,371	3,401,371	3,155,716
Other government grants				
Local authority grants	-	125,926	125,926	157,899
Exceptional government funding				
Coronavirus exceptional support	-	46,560	46,560	-
Other Coronavirus funding	-	424	424	-
	-	46,984	46,984	-
Other incoming resources	52,436	65,604	118,040	42,849
Total funding	52,436	3,639,885	3,692,321	3,356,464

The income from funding for educational operations was £3,692,321 (2020: £3,356,464) of which £52,436 was unrestricted (2020: £39,900) and £3,639,885 was restricted (2020: £3,316,564).

ZEST ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

6 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Hire of facilities	60	-	60	-
Other income	19,661	-	19,661	36,757
	<u>19,721</u>	<u>-</u>	<u>19,721</u>	<u>36,757</u>

The income from other trading activities was £19,721 (2020: £36,757) of which £19,721 was unrestricted (2020: £36,757).

7 Investment income

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Short term deposits	122	-	122	422
	<u>122</u>	<u>-</u>	<u>122</u>	<u>422</u>

The income from funding for investment income was £122 (2020: £422) of which £122 was unrestricted (2020: £422).

8 Expenditure

	Staff costs £	Non-pay expenditure Premises £	Other £	Total 2021 £	Total 2020 £
Academy's educational operations					
- Direct costs	2,433,615	33,408	114,165	2,581,188	2,482,615
- Allocated support costs	666,825	459,037	165,498	1,291,360	1,266,451
	<u>3,100,440</u>	<u>492,445</u>	<u>279,663</u>	<u>3,872,548</u>	<u>3,749,066</u>

Net income/(expenditure) for the year includes:

	2021 £	2020 £
Fees payable to auditor for:		
- Audit	7,250	6,900
- Other services	4,620	7,947
Operating lease rentals	28,520	35,654
Depreciation of tangible fixed assets	125,496	127,714
Net interest on defined benefit pension liability	45,000	39,000
	<u>210,886</u>	<u>217,215</u>

ZEST ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

9 Charitable activities

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Direct costs				
Educational operations	18,690	2,562,498	2,581,188	2,482,615
Support costs				
Educational operations	9,518	1,281,842	1,291,360	1,266,451
	<u>28,208</u>	<u>3,844,340</u>	<u>3,872,548</u>	<u>3,749,066</u>

The expenditure on charitable activities was £3,872,548 (2020: £3,749,066) of which £28,208 was unrestricted (2020: £14,947), £3,718,844 was restricted (2020: £3,606,405) and £125,496 was restricted fixed assets (2020: £127,714).

	2021 £	2020 £
Analysis of support costs		
Support staff costs	666,825	709,701
Depreciation	92,088	94,421
Premises costs	330,795	270,489
Other support costs	186,794	175,173
Governance costs	14,858	16,667
	<u>1,291,360</u>	<u>1,266,451</u>

10 Staff

Staff costs

Staff costs during the year were:

	2021 £	2020 £
Wages and salaries	2,197,843	2,535,505
Social security costs	179,085	155,891
Pension costs	718,536	298,000
	<u>3,095,464</u>	<u>2,989,396</u>
Staff costs - employees	3,095,464	2,989,396
Agency staff costs	3,976	17,644
Staff restructuring costs	1,000	1,000
	<u>3,100,440</u>	<u>3,008,040</u>

Staff restructuring costs comprise:

Severance payments	<u>1,000</u>	<u>1,000</u>
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ZEST ACADEMY TRUST

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

10 Staff

(Continued)

Staff numbers

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

	2021 Number	2020 Number
Teachers	31	33
Administration and support	77	62
Management	2	2
	<u>110</u>	<u>97</u>

Higher paid staff

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

	2021 Number	2020 Number
£60,001 - £70,000	1	-
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-
	<u>2</u>	<u>1</u>

Key management personnel

The key management personnel of the Academy Trust comprise the Directors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £252,249 (2020: £178,383).

11 Trustees' remuneration and expenses

One or more directors has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff directors 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 services as trustees. Other directors did not receive any payments, other than expenses, from the academy trust in respect of their role as directors.

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

M Hamblett - Principal:

Remuneration - £90,001 - £95,000 (2020: £85,001 - £90,000)

Employers' pension contributions - £20,001 - £25,000 (2020: £20,001 - £25,000)

During the year, no travel and subsistence expenses were reimbursed to Directors or members (2020: £86 to a Director and £96 to a Member).

ZEST ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

12 Trustees' and officers' insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £10,000,000 on any one claim and the cost of this insurance is included in the total insurance cost and is not separately identifiable.

13 Tangible fixed assets

	Land and buildings	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 September 2020	4,428,172	272,592	152,401	4,853,165
Additions	-	40,259	-	40,259
At 31 August 2021	4,428,172	312,851	152,401	4,893,424
Depreciation				
At 1 September 2020	602,941	227,603	140,523	971,067
Charge for the year	85,548	33,408	6,540	125,496
At 31 August 2021	688,489	261,011	147,063	1,096,563
Net book value				
At 31 August 2021	3,739,683	51,840	5,338	3,796,861
At 31 August 2020	3,825,231	44,989	11,878	3,882,098

The net book value of land and buildings comprises:

	2021 £	2020 £
Long leaseholds (over 50 years)	3,739,683	3,825,231

14 Debtors

	2021 £	2020 £
VAT recoverable	2,590	2,507
Prepayments and accrued income	347,294	267,193
	349,884	269,700

ZEST ACADEMY TRUST

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

15 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	3,425	3,251
EFA creditors	-	12,199
Other creditors	21,249	20,868
Accruals and deferred income	123,032	134,956
	<u>147,706</u>	<u>171,274</u>

16 Deferred income

	2021 £	2020 £
Deferred income is included within:		
Creditors due within one year	<u>33,641</u>	<u>36,917</u>
Deferred income at 1 September 2020	36,917	42,832
Released from previous years	(36,917)	(42,832)
Resources deferred in the year	<u>33,641</u>	<u>36,917</u>
Deferred income at 31 August 2021	<u>33,641</u>	<u>36,917</u>

At the balance sheet date the Academy Trust was holding funds received in advance for the year to 31 August 2021 for the Universal Infant Free School Meals and unspent Winter Grant Funding.

ZEST ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

17 Funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2021 £
Restricted general funds					
General Annual Grant (GAG)	731,019	2,768,293	(2,599,152)	81,682	981,842
UIFSM	-	56,936	(56,936)	-	-
Pupil premium	-	438,704	(438,704)	-	-
Other DfE / ESFA grants	-	137,438	(137,438)	-	-
Other government grants	-	172,910	(172,910)	-	-
Other restricted funds	-	67,204	(65,704)	-	1,500
Pension reserve	(2,613,000)	-	(248,000)	(347,000)	(3,208,000)
	<u>(1,881,981)</u>	<u>3,641,485</u>	<u>(3,718,844)</u>	<u>(265,318)</u>	<u>(2,224,658)</u>
Restricted fixed asset funds					
Inherited on conversion	3,030,660	-	(68,688)	-	2,961,972
DfE group capital grants	94,963	212,335	(5,888)	(93,105)	208,305
Capital expenditure from GAG	851,438	-	(50,920)	11,423	811,941
	<u>3,977,061</u>	<u>212,335</u>	<u>(125,496)</u>	<u>(81,682)</u>	<u>3,982,218</u>
Total restricted funds	<u>2,095,080</u>	<u>3,853,820</u>	<u>(3,844,340)</u>	<u>(347,000)</u>	<u>1,757,560</u>
Unrestricted funds					
General funds	<u>206,132</u>	<u>72,279</u>	<u>(28,208)</u>	<u>-</u>	<u>250,203</u>
Total funds	<u>2,301,212</u>	<u>3,926,099</u>	<u>(3,872,548)</u>	<u>(347,000)</u>	<u>2,007,763</u>

ZEST ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

17 Funds

(Continued)

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.

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

General Annual Grant must be used for the normal running expenses of the School and any amounts carried forward at the end of a financial period must be used in accordance with the terms of the Funding Agreement.

Other DfE/ESFA grants comprise additional funding received for the furtherance of education, which must be used in accordance with the specific terms of each grant.

Other government grants includes local authority nursery grants and other support staff funding.

Other restricted funds include contributions received for school trips.

The pension reserve represents the value of the School's share of the deficit in the Local Government Pension Scheme.

Restricted fixed asset funds include assets inherited on conversion and expenditure out of GAG and other capital grants during the year. Depreciation is charged against the fund.

ZEST ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

17 Funds

(Continued)

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

	Balance at 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2020 £
Restricted general funds					
General Annual Grant (GAG)	654,766	2,488,209	(2,480,050)	68,094	731,019
Other DfE / ESFA grants	-	667,507	(667,507)	-	-
Other government grants	-	157,899	(157,899)	-	-
Other restricted funds	-	2,949	(2,949)	-	-
Pension reserve	(2,300,000)	-	(298,000)	(15,000)	(2,613,000)
	<u>(1,645,234)</u>	<u>3,316,564</u>	<u>(3,606,405)</u>	<u>53,094</u>	<u>(1,881,981)</u>
Restricted fixed asset funds					
Transfer on conversion	3,099,348	-	(68,688)	-	3,030,660
DfE group capital grants	-	194,074	-	(99,111)	94,963
Capital expenditure from GAG	879,447	-	(59,026)	31,017	851,438
	<u>3,978,795</u>	<u>194,074</u>	<u>(127,714)</u>	<u>(68,094)</u>	<u>3,977,061</u>
Total restricted funds	<u>2,333,561</u>	<u>3,510,638</u>	<u>(3,734,119)</u>	<u>(15,000)</u>	<u>2,095,080</u>
Unrestricted funds					
General funds	<u>143,000</u>	<u>78,079</u>	<u>(14,947)</u>	<u>-</u>	<u>206,132</u>
Total funds	<u>2,476,561</u>	<u>3,588,717</u>	<u>(3,749,066)</u>	<u>(15,000)</u>	<u>2,301,212</u>

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2021 are represented by:				
Tangible fixed assets	-	-	3,796,861	3,796,861
Current assets	286,320	1,094,931	185,357	1,566,608
Creditors falling due within one year	(36,117)	(111,589)	-	(147,706)
Defined benefit pension liability	-	(3,208,000)	-	(3,208,000)
Total net assets	<u>250,203</u>	<u>(2,224,658)</u>	<u>3,982,218</u>	<u>2,007,763</u>

ZEST ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

18 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	-	-	3,882,098	3,882,098
Current assets	206,132	902,293	94,963	1,203,388
Creditors falling due within one year	-	(171,274)	-	(171,274)
Defined benefit pension liability	-	(2,613,000)	-	(2,613,000)
Total net assets	206,132	(1,881,981)	3,977,061	2,301,212

19 Pension and similar obligations

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

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

Contributions amounting to £20,931 (2020: £20,629) were payable to the schemes at 31 August 2021 and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

ZEST ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

19 Pension and similar obligations

(Continued)

The key elements of the valuation and subsequent consultation are:

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

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

The pension costs paid to the TPS in the period amounted to £270,531 (2020: £255,966).

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

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 17% for employers and 5.5 - 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £202,000. The academy pays additional deficit contributions to the scheme following the last scheme valuation in 2019. For April 2021 to March 2022, £36,800 of additional contributions are payable.

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

Total contributions made	2021 £	2020 £
Employer's contributions	201,000	173,000
Employees' contributions	58,000	55,000
Total contributions	259,000	228,000
Principal actuarial assumptions	2021 %	2020 %
Rate of increase in salaries	4.3	3.8
Rate of increase for pensions in payment/inflation	2.9	2.4
Discount rate for scheme liabilities	1.7	1.8
Inflation assumption (CPI)	2.8	2.3

ZEST ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

19 Pension and similar obligations

(Continued)

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

	2021 Years	2020 Years
Retiring today		
- Males	22.4	22.3
- Females	25.1	25.0
Retiring in 20 years		
- Males	23.9	23.8
- Females	26.9	26.8

Sensitivity analysis at 31 August 2021:

	Central £000	Sensitivity 1 + 0.1% p.a. discount rate £000	Sensitivity 2 + 0.1% p.a. inflation £000	Sensitivity 3 + 0.1% p.a. pay growth £000	Sensitivity 4 1 yr increase in life expectancy £000
Liabilities	7,064	6,911	7,220	7,078	7,291
Assets	(3,856)	(3,856)	(3,856)	(3,856)	(3,856)
Deficit/(surplus)	3,208	3,055	3,364	3,222	3,435
Projected service cost	476	461	490	476	492
Projected net interest cost	53	53	55	53	57

Sensitivity analysis at 31 August 2020:

	Central £000	Sensitivity 1 + 0.1% p.a. discount rate £000	Sensitivity 2 + 0.1% p.a. inflation £000	Sensitivity 3 + 0.1% p.a. pay growth £000	Sensitivity 4 1 yr increase in life expectancy £000
Liabilities	5,824	5,698	5,953	5,838	5,994
Assets	(3,211)	(3,211)	(3,211)	(3,211)	(3,211)
Deficit/(surplus)	2,613	2,487	2,742	2,627	2,783
Projected service cost	377	385	408	397	389
Projected net interest cost	45	45	48	46	48

ZEST ACADEMY TRUST

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

19 Pension and similar obligations

(Continued)

The Academy Trust's share of the assets in the scheme	2021 Fair value £	2020 Fair value £
Equities	1,947,000	1,463,000
Other bonds	204,000	222,000
Cash/liquidity	81,000	58,000
Property	386,000	437,000
Other assets	1,238,000	1,031,000
	<hr/>	<hr/>
Total market value of assets	3,856,000	3,211,000
	<hr/>	<hr/>

The actual return on scheme assets was £461,000 (2020: £289,000).

Amount recognised in the statement of financial activities	2021 £	2020 £
Current service cost	398,000	364,000
Past service cost	-	62,000
Interest income	(60,000)	(51,000)
Interest cost	105,000	90,000
Benefit changes, curtailments and settlements gains or losses	(6,000)	(6,000)
Administration expenses	6,000	6,000
	<hr/>	<hr/>
Total operating charge	443,000	465,000
	<hr/>	<hr/>

Changes in the present value of defined benefit obligations	2021 £	2020 £
At 1 September 2020	5,824,000	5,072,000
Current service cost	398,000	364,000
Interest cost	105,000	90,000
Employee contributions	58,000	55,000
Actuarial loss	748,000	253,000
Benefits paid	(69,000)	(72,000)
Past service cost	-	62,000
	<hr/>	<hr/>
At 31 August 2021	7,064,000	5,824,000
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ZEST ACADEMY TRUST

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

19	Pension and similar obligations	(Continued)		
Changes in the fair value of the Academy Trust's share of scheme assets				
		2021	2020	
		£	£	
At 1 September 2020		3,211,000	2,772,000	
Interest income		60,000	51,000	
Actuarial gain		401,000	238,000	
Employer contributions		201,000	173,000	
Employee contributions		58,000	55,000	
Benefits paid		(69,000)	(72,000)	
Administrative expenses		(6,000)	(6,000)	
At 31 August 2021		3,856,000	3,211,000	
20	Reconciliation of net income/(expenditure) to net cash flow from operating activities	2021	2020	
		£	£	
Net income/(expenditure) for the reporting period (as per the statement of financial activities)		53,551	(160,349)	
Adjusted for:				
Capital grants from DfE and other capital income		(212,335)	(194,074)	
Investment income receivable		(122)	(422)	
Defined benefit pension costs less contributions payable		203,000	259,000	
Defined benefit pension scheme finance cost		45,000	39,000	
Depreciation of tangible fixed assets		125,496	127,714	
(Increase) in debtors		(16,625)	(8,902)	
(Decrease)/increase in creditors		(23,568)	85,365	
Net cash provided by operating activities		174,397	147,332	
21	Analysis of changes in net funds	1 September 2020	Cash flows	31 August 2021
		£	£	£
Cash		933,688	283,036	1,216,724

ZEST ACADEMY TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

22 Long-term commitments, including operating leases

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

	2021 £	2020 £
Amounts due within one year	8,296	16,595
Amounts due in two and five years	19,590	4,106
	<u>27,886</u>	<u>20,701</u>

23 Capital commitments

	2021 £	2020 £
Expenditure contracted for but not provided in the accounts	<u>216,047</u>	<u>105,497</u>

24 Related party transactions

Owing to the nature of the Academy Trust's operations and the composition of the Governing Body being drawn from local public and private sector organisations, transactions may take place with organisations in which the academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures. The following related party transactions took place in the financial period.

During the year the academy incurred expenditure of:

- £3,250 (2020: £6,407) with Dimensions Curriculum Limited. The company's director, E Sutton, is a local Governor on the board of Waterloo Primary Academy.
- £1,056 (2020: £12,174) with Apparatus Limited. M Garnett is a director of the company and the chair of the local Governor board of Waterloo Primary Academy.

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

25 Members' liability

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