

REGISTERED COMPANY NUMBER: 07662701 (England and Wales)

CHARACTER EDUCATION TRUST
(A COMPANY LIMITED BY GUARANTEE)

REPORT OF THE TRUSTEES AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2024

McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Building 1063
Cornforth Drive
Kent Science Park
Sittingbourne
Kent
ME9 8PX

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CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)

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FOR THE YEAR ENDED 31 AUGUST 2024

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CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2024

MEMBERS:

S Smith
C F Gilhooly
P B Broszek

TRUSTEES

M C Reeve
S Smith Chair
M Wright CEO and Accounting Officer
A Malik
R Metzler
L Blumsum
T S Juty (appointed 4.12.23) (resigned 5.2.24)
D J A Day (appointed 4.12.23)
A Clarke (appointed 25.3.24)

WROTHAM SCHOOL

L Abbott, Deputy Head teacher
K Allen, Assistant Headteacher (appointed Sep 23)
S Boudreau, Assistant Head teacher
L Elliott, Assistant Head teacher
A Griffin, Assistant Head teacher
S Hann, Assistant Headteacher
E Healy, Assistant Head teacher
V Ross, Assistant Head teacher
J Truss, Assistant Head teacher

AYLESFORD SCHOOL

K James, Deputy Head teacher
D Wright, Senior Assistant Head teacher
C Duff, Assistant Head teacher
M Johnston, Assistant Head teacher
L Muddle, Assistant Head teacher
B Walker, Assistant Head teacher
P Cooper, Associate Assistant Head teacher (appointed Sep 23)
A Dighton, Associate Assistant Head teacher (appointed Sep 23)
A Groom, Associate Assistant Head teacher (appointed Sep 23)
P Neeve, Associate Assistant Head teacher (appointed Sep 23)

SENIOR MANAGEMENT TEAM:

M Cater (Head teacher (Wrotham School) and Acting
Accounting Officer since 1st December 2024 in the absence of
M Wright)
B Sanchez (Director of Human Resources)
T Kelvie (Head teacher (Aylesford School))
N Newman (Director of Finance)
M Wright (Chief Executive Officer)

REGISTERED OFFICE

Borough Green Road
Wrotham
Sevenoaks
TN15 7RD

REGISTERED COMPANY NUMBER 07662701 (England and Wales)

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2024

INDEPENDENT AUDITORS

McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Building 1063
Cornforth Drive
Kent Science Park
Sittingbourne
Kent
ME9 8PX

SOLICITORS

Stone King LLP
Boundary House
91 Charterhouse Street
London
EC1M 6HR

BANKERS

National Westminster Bank
Swan Street
West Malling
Kent
ME19 6HG

WEBSITES

www.charactereducation.org
www.wrothamschool.com
www.aylesford.kent.sch.uk

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024

The trustees who are also directors of the academy trust for the purposes of the Companies Act 2006, present their report with the financial statements of the academy trust for the year ended 31 August 2024. The trustees have adopted the provisions of 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) (effective 1 January 2019) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

The annual report serves the purposes of both a trustees' report, and a directors' report and strategic report under company law.

In September 2022 Aylesford School converted to academy status and joined Wrotham School in the Character Education Trust.

Character Education Trust's vision is:

Our vision is to grow a family of schools in both the primary and secondary phases, that work together to provide an education that builds character. We share a mission to develop confident young people who can make a positive difference to the world around them.

The Trustees are keen to grow a local MAT of five academies across the primary and secondary phases.

During the year under review the trust comprised of Wrotham School & Aylesford School. Wrotham School is an Academy for pupils aged 11 to 19 serving a catchment area in Tonbridge and Malling, Sevenoaks and Gravesham in Kent. It has a pupil capacity of 716 based on official 'net capacity' calculations and had a roll of 1,043 in October 2024 (2023 - 1,062). Aylesford School is an Academy for pupils aged 11 to 19 serving a catchment area in Tonbridge and Malling, Medway and Maidstone. It has a pupil capacity of 900 based on official 'net capacity' calculations and had a roll of 914 (2023 - 912). Wrotham School is to be rebuilt under the School rebuilding Programme, and during this period of reporting, leaders at the Trust worked with the DfE to finalise the plans and has completed the planning process. Work started in March 2024.

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024

OBJECTIVES AND ACTIVITIES

Objectives and aims

The principle objective of Character Education Trust is to provide education for students of different abilities and achieves this by providing a state education, free of charge, to pupils up to the age of 19. In exercising their powers, the Trustees have complied with their duty to have due regards to the guidance on public benefit published by the Charity Commission.

The main strategic aims of the Trust are summarised below:

- a to support every student to achieve academic excellence and personal success
- b to raise the standard of educational achievements of all students
- c to focus on the development of good character in students, so that they may make a positive contribution to society
- d to invest in staff and student development through new initiatives and opportunities
- e to provide value for money
- f to develop a small local MAT that values partnerships of equals, and aims to grow excellent local schools that local children can attend together

The achievement of our aims is reviewed using key measures including:

- a the effectiveness of our broad curriculum and the opportunities we provide to develop character outside the classroom
- b academic outcomes and progress of students
- c the character reward received by students throughout the year; tracking students' engagement with extra curricular activities;
- d engagement in training including NPQs and the Trust's in house leadership programme; staff wellbeing activities
- e monthly financial reporting; benchmarking; reserves policy; success in the objectives above
- f engagement and collaboration with other schools, trusts and organisations

Public Benefit

The trustees confirm that they have complied with the duties in Section 17(s) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

We have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives they have set. The public benefit of Character Education Trust is the advancement of education within the local community.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024

OBJECTIVES AND ACTIVITIES

Equal opportunities policy

The Trust is an equal opportunity organisation and is committed to take a positive stand to ensure all stakeholders have a right to equality of opportunity and achievement regardless of race and ethnicity, faith, belief and religion, disability and access, age, sex, sexual orientation, transsexualism, and marital status.

Equality of opportunity is related to all areas of the Trust's work and is a fundamental aspect of the ethos of the Trust. We will make reasonable adjustments to meet the needs of staff or students who are or become disabled. Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all main areas of the Academies.

Character Education Trust is committed to safeguarding and promoting the welfare of children and young people, and expects all staff and volunteers to share this commitment. All posts are subject to an enhanced Disclosure Application to the Disclosure and Barring Service and check against the ISA Barred List for children.

Employee involvement and employment of the disabled

The school has a lift in the modern building at Wrotham School, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all main areas of the Trust. The policy of the Trust is to support recruitment and retention of students and employees with disabilities. The Trust does this by adapting the physical environment, by making support resources available and through training and career development. At Aylesford School all buildings have lifts and all toilet areas have disabled toilets installed.

Employee Consultation

Trust staff are empowered to elect colleagues to sit and serve as governors. Trustees and governors regularly meet with staff ranging from attendance at formal board and committee meetings, Trustee visits and general open days where staff can meet and talk to governors and trustees.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024**

STRATEGIC REPORT

Achievement and performance

ACHIEVEMENTS AND PERFORMANCE 2023 - 24

The Trust

Finally welcoming Aylesford School officially into the Trust was a great achievement and one to be celebrated. The PFI contract had been a barrier for a number of years, and to get the go ahead was great. We strengthened our Executive Team with the appointment of a highly qualified and experienced HR Director. Lots of our leaders completed National Professional Qualifications and others started them this year.

Wrotham School

The school has continued to see the strong growth in students wishing to join the school, which is now taking over 200 students per year group. Demand for places at the school is strong and students surveys remain positive.

Leaders have continued to work with the DfE and other related parties to complete the final planning stages of the new school build. During the period of reporting, the planning application was submitted and approved by the local authority. Work has therefore started and the expected completion is September 2026.

The school suffered an incident with a school bus taking many local students home to the surrounding area. Many casualties suffered a range of injuries. The school has worked hard to provide support with a range of resources for students to return to school. Local charities have donated so the school could provide additional materials and hours including outside the normal school timetable.

The academy worked at improving security with new fencing being installed and controlled gates to restrict movements on to site.

The school celebrated a variety of sports success during the year including reaching area finals in football. There was also success in cross country running.

The schools focus on the arts saw the success of the school production and school music concert throughout the year. Both being well attended.

Aylesford School

In March 2020 Ofsted completed a Section 5 Inspection. All areas were judged to be 'good'.

As part of a PFI scheme, Mitie manages the upkeep of the buildings, there has been basic maintenance completed during the year. The school did complete required audits of the facilities in order to meet Stakeholder requirements.

The school completed further upgrades to ICT including new interactive touch screens in more classrooms as part of visual aids for teachers to use.

2024 saw Aylesford School achieve its best ever key stage 5 results. In addition, attendance of students during the year was well above the national figures for attendance.

Aylesford School remains one of the main schools in the country promoting Character Education after achieving its Character Kite Plus Mark in 2021. The school assists with assessments of schools trying to achieve the kite mark and to provide support and guidance to local schools.

The sports department continued to see success in regional and county level with Football and Rugby being victorious during the year.

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024**

STRATEGIC REPORT

Achievement and performance

Key performance indicators and key financial performance indicators

Key Performance Indicators

Wrotham School

	2024 (Not validated data*)	2023 (Validated data)
Key Stage 4		
% of students achieving grade 4+ in English	74%	65%
% of students achieving grade 4+ in Mathematics	66%	65%
% of students achieving grade 5+ in English	55%	45%
% of students achieving grade 5+ in Mathematics	46%	39%
Attainment 8	42.28	41.6
Progress 8	-0.10	-0.29
Key stage 5		
% of grades at A* to C (A levels and equivalent)	53%	54%
% of grades at A* to B (A levels and equivalent)	19%	17%
Level 3 Value Added		
A Level	-0.34	-0.53
Academic	-0.32	-0.71
Vocational	-0.09	-0.16

Aylesford School

	2024 (Not validated data*)	2023 (Validated data)
Key Stage 4		
% of students achieving grade 4+ in English	63%	73%
% of students achieving grade 4+ in Mathematics	57%	65%
% of students achieving grade 5+ in English	36%	51%
% of students achieving grade 5+ in Mathematics	27%	39%
Attainment 8	35.67	39.7
Progress 8	-0.84	-0.22
Key Stage 5		
% of grades at A* to C (A levels and equivalent)	28.51	24.17
% of grades at A* to B (A levels and equivalent)	5.44	6.53
Level 3 Value Added		
A Level	-0.18	-1.75
Academic	-0.13	-1.73
Vocational	-0.20	-0.41

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024**

STRATEGIC REPORT

Achievement and performance

Key Financial Performance Indicators

Staff costs (excluding FRS 102 adjustments) as a percentage of total income (excluding capital funding) for 2023/24 were:

	Actual 2024 %	Actual 2023 %	Actual 2022 %
Teaching Staff	58	58	56
Educational Support Staff	10	5	7.3
Other Academy Support Staff	8	10	7.7
TOTAL	76	73	71

Financial review

Financial position

The trust's accounting period covers the year to 31 August 2024.

The majority of the academy trust's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2024 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. Additional income is achieved through lettings of the academy facilities, including a 3G All-Weather football pitch.

The academy trust also received grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2019), such grants are shown in the Statement of Financial Activities as restricted income in the fixed assets fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of assets concerned.

During the year ended 31 August 2024, total expenditure was £16,728,184 (2023: £14,962,310) and recurrent grant funding from the DfE together with other incoming resources amounted to £14,729,063 (2023: £13,250,894). This funding does not reflect the addition of assets from Aylesford School who joined the trust in 2023 of £nil (2023: £35,100,383). Excluding movements in the pension and fixed asset reserves, net (expenditure)/income was £(774,501) (2023: £195,768). It should be noted that surplus funds are held in the fixed asset fund of £187,628 (2023: £138,280) as the Trustees have allocated these to a sinking fund for the 3G pitch as they are required to keep the pitch in good condition as part of the grant funding agreement. The total of restricted general funds plus unrestricted funds (i.e. excluding the restricted fixed asset fund and pension reserve) at the 31 August 2024 was a deficit of £(222,065) (2023: surplus £793,800).

At 31 August 2024, the net book value of tangible fixed assets was £42,432,899 (2023: £43,544,588) and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education including associated support services to the pupils of the academy trust and furthering the other Objects of Character Education Trust.

Investment policy and objectives

There are no investments held beyond cash deposits retained with the major UK clearing banks. Speculative investments are not permitted.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024**

STRATEGIC REPORT

Financial review

Reserves policy

The Trustees have formalised a policy on reserves, which is held separately within the budget and available to support the strategic aims of the Trust. This is monitored by Trustees and Management to ensure that sufficient reserves are maintained to meet anticipated future needs while avoiding long term accumulation of excessive funds.

With imminent changes to the funding formula it is essential that adequate revenue funds are available to support future staffing structures and curriculum initiatives, all of which is constantly reviewed through Leadership and Management and/or Trustee visits.

The total funds held at 31 August 2024 were £42,356,415; split between unrestricted funds of £nil (2023: £648,305), a GAG deficit of £(222,065) (2023: surplus £145,495), pension deficit £19,000 (2023: £17,000) and fixed asset funds £42,597,480 (2023: £43,655,736).

The trustees have determined that the appropriate level of free reserves should be between 3 and 5% of annual revenue income which amounts to £441,295 - £735,490 (2023: £394,156 - £656,928). 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. Trustees also believe that the Trust should not hold excessive levels of reserves as funds should be being used for the benefit of existing children at its academies. The current level of free reserves is a deficit of £(222,065) (2023: surplus £793,800) which is currently below what we would expect. Comment is included in the going concern paragraph below regarding this matter.

The trust holds funding available for the Wrotham School 3G pitch which is not available for general purposes of school education which amounted to £187,628 (2023: £138,280) and is held within the restricted fixed asset fund.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024**

STRATEGIC REPORT

Financial review

Going concern

After making appropriate enquiries and in light of the significant deficit on funds, the Board of Trustees has reviewed how the financial position of the trust will continue and have over seen an extensive review of budgets going forward. The Board has analysed the reasons for the deficit that occurred in the year and what preventative steps can be taken to avoid this occurring in the future. The leadership of the trust has completed extensive budget review for future years to build surpluses back up.

The schools have both experienced costs that were not expected when setting the original budgets mainly linked to school personnel. There have also been costs linked to future commitments that have been recognised at the first opportunity.

With the steps on budget control, the trust will be monitoring more closely the monthly performance with the finance committee meeting monthly going forward. The deficit in reserves means that the trust is facing an uncertain future. Unforeseen costs could further exacerbate the situation. The expected outturn for 2024/25 financial year is currently a surplus of c. £125k this is very different to the Budget Forecast Return that was submitted to the ESFA which had forecast a loss of £100K.

The improvements in the anticipated out turn are due to the following factors:

	£'000
Unbudgeted SEN income	98
Shortfall in estimate of Teachers pay and pension grant	30
Staff savings	<u>97</u>
Improvement to budget outturn	225
Forecast per original BFR	<u>(100)</u>
Revised forecast position	<u>125</u>

Whilst the revised budgeted outturn is positive, reserves will still not be in a positive position at the end of the 2024/25 financial year. In addition, the above forecast doesn't include any unforeseen expenditure on buildings and assets over and above the capital funds that we have budgeted to receive in the financial year. It is apparent that the Academy Trust will need to rely on the forbearance of its creditors to enable it to continue for the foreseeable future. The deficit in reserves represents a material uncertainty and may cast doubt on the academy trusts ability to continue as a going concern and therefore whether the academy trust will realise its assets and settle its liabilities in the ordinary course of business at the amounts recorded in the financial statements.

The trust board consider that the revised forecast surplus that should be achieved in 2024/25, and the forbearance of creditors should enable them to successfully navigate the trust through its difficulties and for this reason whilst disclosing the uncertainties that are in existence, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024

STRATEGIC REPORT

Financial review

Funds in deficit

The Local Government Pension Scheme is stated in the accounts to be in deficit in the sum of £19,000 (2023: £17,000) as at the balance sheet date. It should be noted however that this deficit will not crystallise within the foreseeable future and that the academy trust follows the advice of the pension scheme actuary and makes contributions in accordance with the rates advised. The advised level of contributions has been taken into account when preparing the academy's budgets for the year ending 31 August 2025.

The GAG fund is also in deficit amounting to £(222,065) (2023: surplus £145,495).

Fundraising

The trust does not currently use external fundraisers to generate funding for the trust. All internally generated fundraising undertaken during the year was monitored by the trustees.

The trust completed a sponsored walk for the students in July. The school was able to have charity quizzes and a jumble sale during the year.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024**

STRATEGIC REPORT

Principal risks and uncertainties

The Trustees have assessed the major risks to which the Trust is exposed, in particular those relating to teaching/academic performance, provision of facilities and other operational areas of the Trust, and its finances. The Trustees have implemented a number of systems to assess risks that the Trust faces, especially in the operational area (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision on academy grounds) and internal financial controls in order to minimize risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The Trustees have considered the risks presented to the Trust and have implemented policies and systems to mitigate these risks. The Academy Trust will continue to manage these risks, through a series of performance reviews, monitoring and efficiency evaluation, to ensure that any future annual deficit can be met by reserves. The Trustees have deemed the following risks to be of most serious consequences to the Academy:

a) Failure to successfully recruit and retain students:

The Trust's ability to successfully recruit and retain students is key to the financial viability of the Trust. Maintaining the reputation of the Trust as one of the higher performing non-selective schools in Kent, is key in mitigating this risk as its vision to prioritising academic excellence, high expectations and development of character, being inclusive and developing the highest quality of teaching and learning.

b) Impact on Trust's funding as a result of changes to education and fiscal policy:

Given the proportion of income that arises from central and local Government, any changes to their education and fiscal policy, will impact on the financial viability of the Trust. Additional pressure is being put on the Trust's finances given predicted changes to educational funding policies, combined with inflationary pressures, additional costs arising from pension scheme contribution rates and auto-enrolment. This risk is being managed by the regular reporting and monitoring of monthly management accounts, combined with budgeting for the next three years. Where necessary corrective action is taken to keep costs in line with the Trust's funding and predicted number of students.

c) Impact of uncontrollable event, e.g. fire or flood:

The impact of a serious uncontrollable event such as fire or flood would have a significant impact on the Trust and so the risks from this are minimised by ensuring insurance and systems are up to date. An asset management plan is in place to address routine maintenance, planned maintenance and repair and other compliance. The Trust monitors the sites termly to review existing maintenance schedules and plans for repairs to keep both sites meeting the relevant regulations for site. This with Aylesford School means working alongside the PFI stakeholders who complete additional audit checks yearly. At Wrotham expertise from the site manager and third party experts allow for the monitoring of the site over a regular period. This is monitored by the trust board and the local governing body.

The plans and strategies employed to manage the above risks are explained in the Governance Statement.

d) Deficit of funds

The funds in deficit this year have been due to unexpected costs that have arisen in relation to school personnel. The trust has a plan in place, as detailed in the reserves policy to address this deficit.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024**

STRATEGIC REPORT

Future plans

The Trustees are committed to growing a medium Multi Academy Trust which will include academies/schools from the primary and secondary phase. They recognise and value the benefits of collaboration and partnership, including the challenge and support that benefits all when schools work together. The trust works alongside schools who are not in a trust to show the benefits with no pressure of being forced to join a trust.

The Trust working with Department of Education on the rebuild of Wrotham School. Planning permission was sought during the year for the rebuild of the site to meet modern requirements. The school is looking for reserves to assist in the new equipment required for the school.

The school worked to make sure the site was secure with new fencing to maintain a secure boundary.

The trust is using its knowledge from the past thirteen years to consider where future spending is required. The trust has worked hard over the past four years to build reserves so capital expenditure could be completed. This is offset with the knowledge of urgent expenditure for site development or curriculum requirements, could be made during the year. The extensive work on the budget plans give the trust the flexibility if required to react on the short term basis.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee and an exempt charity and was set up by a memorandum of association on 8 June 2011. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust. The Trustees of Character Education Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Character Education Trust.

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

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

Directors' & Officers' insurance is in place through the ESFA Risk Protection Assurance scheme. This policy has a limit of indemnity of £10,000,000. The cover is for legal liability for claims arising from a breach of professional duty by reason of any neglect, error or omission.

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

The Board is currently comprised of 8 Trustees, of whom one is a Staff Trustee and none are Parent Trustees. The appointment of Trustees is governed by the Company's Articles of Association. The members of the Company may appoint up to 20 Trustees. They may also appoint Staff Trustees through such process as they may determine, providing no more than one third of the Trustees are employees of the Company. The Chief Executive Officer automatically becomes a Trustee upon appointment. The Board of Trustees will recruit Trustees according to the needs of the Trust and the skills the Board of Trustees require.

The trust advertise for trustees based on skills set required on a variety of different platforms. An interview process with the chair of trust will take place before the committee will consider if the appointment should take place.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. An induction programme is available to all new Trustees, and this includes a meeting with the Chief Executive Officer, Head teacher and Chair of Trustees, a tour of the Academy, a welcome pack and an induction booklet, which includes copies of relevant policies and procedures.

Where necessary, induction will include training in charity, educational, legal and financial matters relevant to the operation of the Company. They are also provided with an annual training programme for both internal workshops/ training and external specific Academy Trustee courses. A careful record of Trustees' training is maintained.

The Trust ensures that all Trustees are provided with the information needed to undertake their role as Trustees.

Organisational structure

The Trustees are responsible for setting the strategic direction of the Trust. They hold the executive leadership team to account for the effective implementation of the trust strategy and operating plan, including in relation to the use of resources and the drivers of impact. The board assures itself of the integrity of financial information; that there are robust risk controls and risk management systems; and that there is compliance with regulatory, contractual, and statutory requirements, including safeguarding.

The Board of Trustees comprises those persons appointed under the Articles of Association. The board meets seven times in a year. The Trust Board receives reports from the CEO and other members of the Executive. The Trust Board also operates as a Finance and Audit Committee and includes relevant agenda items at least three times a year. This committee is focussed on identifying, reviewing and, managing risk, as well as ensuring that the Trust meets its financial obligations.

The Board delegates a number of specific responsibilities to the Local Governing Bodies of the schools on the review of education, safeguarding and academic results; the activities of which are reported to and discussed at full Board Meetings. The responsibility of Health and Safety is maintained by a trust board member for both schools.

A Strategic Leadership Group is comprised of the Chief Executive Officer (who is also the Chief Accounting Officer), the Director of Finance, the Director of Human Resources and the Headteachers. They lead the Trust at an executive level ensuring full compliance with the policies set out by the Trustees. The Strategic Leadership Group also exists to ensure that collaboration is effective; to ensure that Headteachers are supported; to ensure that good leaders develop more leaders. At each academy/school the Headteacher has a leadership team consisting of Deputy and Assistant Head teachers. A scheme of delegation exists to ensure that responsibilities for leadership decisions and accountability are clear.

Spending control is devolved to the Chief Executive Officer and the Director of Finance. A financial scheme of delegation is in operation with limits above which cheques/approvals are countersigned by a Trustee.

The appointment panel for leadership posts across the Trust always includes a Trustee.

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024

STRUCTURE, GOVERNANCE AND MANAGEMENT

Arrangements for setting pay and remuneration of key management personnel

The Trustees and Chief Executive Officer establish all leadership structure for the Trust and determine its membership. The Trustees determine the salary scales for the leadership group, including the Chief Executive Officer and Head teachers. Trustees take account of the following factors in the determining the pay of the Chief Executive Officer, Head teachers, Deputy and Assistant Head teachers, the Human Resources Director and the Director of Finance, as laid out in the Trust Pay and Appraisal Policies.

- | | |
|---|-------------------------------------|
| - level of responsibility | - experience |
| - performance | - affordability |
| - size and structure of the Leadership Team | - qualifications |
| - recruitment and retention issues | - vision and ambitions of the Trust |
| - market value | - recruitment and retention issues |

Trade union facility time

This information is published in accordance with the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017 because the academy trust had a full-time equivalent employee number of more than 49 throughout the entirety of any seven of the months within the year ended 31 August 2024.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
Nil	192

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

	£
Total cost of facility time	Nil
Total pay bill	10,972,726

Percentage of the total pay bill spent on facility time calculated as:

$(\text{total cost of facility time} \div \text{total pay bill}) \times 100$ 0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:

$(\text{total hours spent on paid trade union activities by relevant union officials during the relevant period} \div \text{total paid facility time hours}) \times 100$ 0%

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2024

STRUCTURE, GOVERNANCE AND MANAGEMENT

Related parties

Where Trustees offer their services to the Trust their interest is recorded on the relevant paperwork and the circumstances discussed by the Board. The Chief Executive Officer is an employee of the company.

FUNDS HELD AS CUSTODIAN FOR OTHERS

The Academy Trust distributes 16-19 bursary funds to the students as an agent for the ESFA. Details including any amounts not dispersed by the financial year end are disclosed in note 17 to the financial statements.

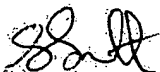
AUDITORS

The auditors, McCabe Ford Williams, will be proposed for re-appointment at the forthcoming Annual General Meeting.

In so far as the trustees are aware:

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

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 10/12/24 and signed on the board's behalf by:



.....
S Smith - Trustee

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2024

SCOPE OF RESPONSIBILITY

As trustees, we acknowledge we have overall responsibility for ensuring that Character Education 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 of loss.

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

The board of trustees has delegated the day-to-day responsibility to the Executive Head teacher, and from 1 December 2024 the Head teacher at Wrotham School 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 Character Education 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.

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2024

GOVERNANCE

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

Trustee	Meetings attended	Out of a possible
S Smith (Chair)	6	7
L Blumsum	7	7
A Clarke (appointed 25.3.24)	2	3
D J A Day (appointed 4.12.23)	4	6
A Malik	3	7
R Metzler	0	7
M C Reeve	7	7
T S Juty (appointed 4.12.23) (resigned 5.2.24)	3	3
M Wright (CEO and Accounting Officer)	7	7

There were three appointments and one resignation during the year.

The Trust Board's work this year has been focused on the following key areas:

- The quality of provision and outcomes for students at Wrotham School (Academy)
- The leadership and management of Trust finances:
To work on expanding the site including building a CIF expansion bid and working with the Department of Education for potential redevelopment of the school.
- Education for potential redevelopment of the school.
Trustees have been co-opted onto the local governing body of Aylesford School to support and develop the quality of governance.
Trustees have met with Chairs of Governors of local schools to inform them of the work of Character Education Trust.
- The quality of provision and outcomes for students at Wrotham School and Aylesford School

In September 2020 the Trust further developed its governance structure to create a separate trust board and a local governing body for Wrotham School. This is reflected at Companies House which shows members of the trust resigning to become members of the local governing body.

The trust works hard to make sure there are sufficient processes in place to avoid conflicts of interests. The trust monitors registers of interests for Aylesford School, Wrotham School and the trust. Where required there are clear separation of roles and monitoring responsibilities amongst the local governing bodies and the trust board. The trust has no ownership issues of any subsidiaries, joint ventures or associates.

During the year, the Review of Governance arrangements, including skills audit, was undertaken and no shortfalls in any areas were found.

The Board of Trustees review Governance arrangements annually and this involves a skills audit.

The Board also acts as a finance, audit and risk committee.

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2024

REVIEW OF VALUE FOR MONEY

As accounting officer, the Executive Head teacher, and from 1 December 2024 the Head teacher at Wrotham School 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, as well as estates safety and management, achieved in return for the taxpayer resources received.

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

- * Using both central and local government frameworks to secure competitive prices on major areas of expenditure including energy.
- Reviews by trustees to analyse Key Performance Indicators at Wrotham and Aylesford schools to identify areas of review to be considered by a trustee when reviewing the finances of the trust.
- Benchmarking financial data not only across the two schools but also with other similar schools.
- Reviewing all contracts as they come up for renewal, to ensure that the Trust is achieving value for money and that risk is being minimised.
- Completing tendering process for projects completed during the year.
- To monitor the school site to make sure that the site is safe including boiler maintenance and energy efficiency reviews.
- Review the maintenance of the grounds including changing suppliers for grounds maintenance at Wrotham School.

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 Character Education Trust for the period 1 September 2023 to 31 August 2024 and up to the date of approval of the annual report and financial statements.

The school appointed Juniper Education for carrying out internal reviews. Two reviews were carried out on the effectiveness of financial control and procurement measures.

CAPACITY TO HANDLE RISK

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2023 to 31 August 2024 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2024

THE RISK AND CONTROL FRAMEWORK

The academy's system of internal 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 trust board of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint an internal auditor. The trustees also completed internal reviews on the finance function as well as those conducted by Juniper Education.

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

- Review of budget setting and forward planning processes including reserves policy
- Review and testing of procurement processes
- Review of credit card payments
- Review of contract listing

The internal auditors' report to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities. This is completed every two terms.

Juniper was chosen as a sub contractor due to their extensive knowledge and experience in providing internal reviews. Someone recruited would not have allowed for benchmarking with other trusts. The trust also wanted a review from an external source not linked to the trust.

REVIEW OF EFFECTIVENESS

As Accounting Officer, the Executive Head teacher, and from 1 December 2024 the Head teacher at Wrotham School has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditor; and
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

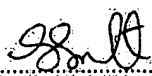
CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2024

CONCLUSION

Based on the advice of the audit and risk committee and the accounting officer, the board of trustees is of the opinion that the academy trust has an adequate and effective framework for governance, risk management and control.

Approved by order of the members of the board of trustees on 10/12/24 and signed on its behalf by:


.....
S Smith - Trustee


.....
M Cater - Acting Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2024

As accounting officer of Character Education 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, including for estates safety and management, under the funding agreement 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 Academy Trust Handbook 2023, including responsibilities for estates safety and management.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academy Trust Handbook 2023.

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

The academy trust has a significant deficit on reserves which it did not forecast. There has been a failure to recognise through out the year that the level of deficit being suffered would utilise the brought forward reserves and result in a deficit on overall funds at the year end. Accordingly we have failed to notify the ESFA that we are in a budget deficit position which can not now be addressed after taking into account unspent funds for previous years.


.....
M Cater – Acting Accounting Officer

Date: 10/12/24

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2024

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

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

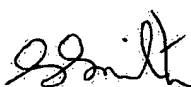
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2023 to 2024;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the board of trustees on 10/12/24 and signed on its behalf by:


.....
S Smith - Trustee

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHARACTER EDUCATION TRUST

Opinion

We have audited the financial statements of Character Education Trust (the 'academy trust') for the year ended 31 August 2024 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2023 to 2024 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2024 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 Academies Accounts Direction 2023 to 2024.

Basis for opinion

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

Material Uncertainty Related to Going Concern

We draw attention to note 1 in the financial statements, which indicates that the trust has negative reserves and will need to carefully manage its finances and rely upon the forbearance of its creditors while it seeks to replenish its reserves to a sufficient level. As stated in note 1, these events or conditions along with other matters set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the academy trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CHARACTER EDUCATION TRUST**

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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees 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 Report of the Trustees.

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

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

Responsibilities of trustees

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF CHARACTER EDUCATION TRUST

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with trustees and management and our experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the academy trust, including, but not limited to, the Companies Act 2006, the Charities SORP 2019, the Academy Trust Handbook 2023 and UK tax legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- making enquiries of management and the trustees as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- reviewing the reports produced via the academy trust's internal scrutiny function;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and relevant regulators such as the ESFA.

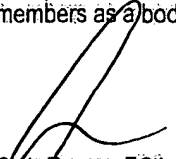
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CHARACTER EDUCATION TRUST

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

Use of our report

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



Clair Rayner FCA DChA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Building 1063
Comforth Drive
Kent Science Park
Sittingbourne
Kent
ME9 8PX

Date: 10/12/24.....

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
CHARACTER EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2023 to 2024, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Character Education Trust during the period 1 September 2023 to 31 August 2024 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 Character Education Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Character Education Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Character Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

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

The accounting officer is responsible, under the requirements of Character Education Trust's funding agreement with the Secretary of State for Education and the Academy Trust Handbook, extant from 1 September 2023, 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 2023 to 2024. 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 2023 to 31 August 2024 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
CHARACTER EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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:

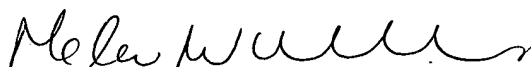
- Review of the internal control environment which is designed to ensure compliance with regulations;
- Review of the accounting officer's consideration of issues surrounding regularity, propriety and compliance;
- Review of the work and reports of the internal reviewer during the period;
- Review of governance arrangements and procedures and related compliance with the requirements of the Academies Financial Handbook, including the distribution of management accounts and quantity of meetings;
- Analytical procedures regarding declaration of potential conflicts of interest by key staff and the governing body;
- Review of fixed asset transactions against the requirements of the funding agreement between Character Education Trust and the Secretary of State and the Academies Financial Handbook;
- Testing of grants and other income for application in accordance with the terms and requirements attached;
- Review of the academy trust's activities to check they are in line with the Academies Framework and the academy trust's charitable objectives;
- Review of bank statements and financial transactions for indications of any items which may be improper;
- Review of bank accounts to check that they are operated within the terms of the academy trust's governing document and borrowing limits imposed by the funding agreement are not exceeded;
- Testing of expenditure, including expense claims for signs of transactions for personal benefit;
- Review of any extra-contractual payments made to staff;
- Review of procurement activity during the period.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
CHARACTER EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

Conclusion

In the course of our work except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2023 to 31 August 2024 has not been applied to purposes intended by parliament and the financial transactions do not conform to the authorities which govern them.

Matter 1 : The academy trust has a negative reserves position which it did not foresee and for this reason it has not notified the ESFA within the required time frames that it has a deficit on reserves which can not be covered by brought forward reserves.



McCabe Ford Williams
Chartered Accountants
Reporting Accountant
Building 1063
Comforth Drive
Kent Science Park
Sittingbourne
Kent
ME9 8PX

Date: 10/12/24

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2024**

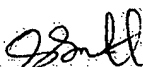
				31.8.24	31.8.23
	Notes	Unrestricted fund £	Restricted Fixed Asset funds £	Restricted general funds £	Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and capital grants	2	16,243	19,255	-	35,498
Transfer from Local Authority on conversion		-	-	-	-
Charitable activities					
Funding for the academy's educational operations	3	613,118	-	13,928,719	14,541,837
Other trading activities	4	131,121	-	-	131,121
Investment income	5	20,607	-	-	20,607
Total		781,089	19,255	13,928,719	14,729,063
EXPENDITURE ON					
Raising funds	7	43,636	-	-	43,636
Charitable activities					
Academy's educational operations	8	886,145	1,318,875	14,479,528	16,684,548
Total		929,781	1,318,875	14,479,528	16,728,184
NET INCOME/(EXPENDITURE)					
Transfers between funds	20	(148,692)	(1,299,620)	(550,809)	(1,999,121)
Other recognised gains/(losses)		(499,613)	241,364	258,249	-
Actuarial gains/(losses) on defined benefit schemes		-	-	(77,000)	(77,000)
Net movement in funds		(648,305)	(1,058,256)	(369,560)	(2,076,121)
RECONCILIATION OF FUNDS					
Total funds brought forward		648,305	43,655,736	128,495	44,432,536
TOTAL FUNDS CARRIED FORWARD		-	42,597,480	(241,065)	44,432,536

The notes form part of these financial statements.

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)**STATEMENT OF FINANCIAL POSITION
31 AUGUST 2024**

	Notes	31.8.24 £	31.8.23 £
FIXED ASSETS			
Tangible assets	14	42,432,899	43,544,588
CURRENT ASSETS			
Debtors	15	404,826	267,216
Cash at bank		712,163	1,492,441
		<u>1,116,989</u>	<u>1,759,657</u>
CREDITORS			
Amounts falling due within one year	16	(1,155,344)	(831,495)
NET CURRENT ASSETS		<u>(38,355)</u>	<u>928,162</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>42,394,544</u>	<u>44,472,750</u>
CREDITORS			
Amounts falling due after more than one year	17	(19,129)	(23,214)
PENSION LIABILITY	21	(19,000)	(17,000)
NET ASSETS		<u>42,356,415</u>	<u>44,432,536</u>
FUNDS	20		
Restricted funds:			
Fixed asset funds		42,597,480	43,655,736
Restricted income funds		(241,065)	128,495
		<u>42,356,415</u>	<u>43,784,231</u>
Unrestricted income fund		-	648,305
TOTAL FUNDS		<u>42,356,415</u>	<u>44,432,536</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 10/12/24 and were signed on its behalf by:


S Smith - Trustee

The notes form part of these financial statements

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2024**

	Notes	31.8.24 £	31.8.23 £
Cash flows from operating activities			
Cash generated from operations	1	(603,603)	(245,846)
Interest paid		<u>(5,266)</u>	<u>(8,590)</u>
Net cash used in operating activities		<u>(608,869)</u>	<u>(254,436)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(207,606)	(209,064)
Capital grants from DfE/EFA		19,255	112,342
Sale of tangible fixed assets		420	-
Inherited cash		-	713,564
Interest received		<u>20,607</u>	<u>16,560</u>
Net cash (used in)/provided by investing activities		<u>(167,324)</u>	<u>633,402</u>
Cash flows from financing activities			
Loan repayments in year		<u>(4,085)</u>	<u>(4,085)</u>
Net cash used in financing activities		<u>(4,085)</u>	<u>(4,085)</u>
Change in cash and cash equivalents in the reporting period		<u>(780,278)</u>	<u>374,881</u>
Cash and cash equivalents at the beginning of the reporting period		<u>1,492,441</u>	<u>1,117,560</u>
Cash and cash equivalents at the end of the reporting period		<u><u>712,163</u></u>	<u><u>1,492,441</u></u>

The notes form part of these financial statements

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2024**

1. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.8.24 £	31.8.23 £
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	(1,999,121)	33,388,967
Adjustments for:		
Depreciation charges	1,318,933	1,344,627
Capital grants from DfE/ESFA	(19,255)	(112,342)
Profit on disposal of fixed assets	(58)	-
Interest received	(20,607)	(16,560)
Interest paid	5,266	8,590
Defined benefit pension service costs	318,000	362,000
Contributions to defined benefit pension	(384,000)	(307,000)
Net interest on defined benefit pension	(9,000)	11,000
Assets transferred on conversion	-	(34,386,821)
Inherited cash	-	(713,564)
Increase in debtors	(137,610)	(37,298)
Increase in creditors	323,849	212,555
Net cash used in operations	(603,603)	(245,846)

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.9.23 £	Cash flow £	At 31.8.24 £
Net cash			
Cash at bank	1,492,441	(780,278)	712,163
	<u>1,492,441</u>	<u>(780,278)</u>	<u>712,163</u>
Debt			
Debts falling due within 1 year	(3,918)	-	(3,918)
Debts falling due after 1 year	(23,214)	4,085	(19,129)
	<u>(27,132)</u>	<u>4,085</u>	<u>(23,047)</u>
Total	<u>1,465,309</u>	<u>(776,193)</u>	<u>689,116</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2024

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

Character Education Trust is a charitable company limited by guarantee and an exempt charity incorporated in England and Wales. The registered office is Character Education Trust, Wrotham School, Borough Green Road, Wrotham, Sevenoaks, TN15 7RD. The principal activity of the academy trust is to provide a secondary education for pupils that satisfies the requirements of the Education Act 2022.

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2023 to 2024 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The financial statements are prepared in sterling which is rounded to the nearest pound.

Going concern

The academy trust has suffered a significant deficit in the year under review due to an error in its budgeting and one off costs of redundancy. This deficit along with unfunded capital spend has led to the utilisation of all of the trusts retained reserves and the position at the year end is a deficit in funds of £241k. This position has been managed by a slow down in payments to creditors and constraint over expenditure.

The budgets for the 2024/25 year end have been reviewed and amended and the trust is forecasting a surplus of £125k but this will not return the trust to a positive position. Tight budgetary control has been implemented and the board is considering where further savings can be made to ensure that reserves are replenished over the next 3-5 years. In the interim, the trust will seek arrangements with creditors where possible to spread the payment of liabilities to help it manage its cash flow.

Unforeseen costs for instance for capital and maintenance would exacerbate the situation further and so the position with regard reserves is very uncertain. This is a material uncertainty related to events or conditions that may cast significant doubt on the ability of the Academy Trust to continue as a going concern. The trustees consider that they have adequately disclosed this position and continue to prepare the accounts on the going concern basis as they believe with careful management of the position the trust will be able to continue for the foreseeable future which is a period of at least one year from the date of authorisation for issue of the financial statements, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024

1. ACCOUNTING POLICIES - continued

Critical accounting estimates and areas of judgement

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact on 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 2022 has been used by the actuary in valuing the pensions liability at 31 August 2024. 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.

The net book value of freehold property, included within fixed assets, is based on assumptions in relation to the useful life of property and the residual value of the assets. Any element of freehold property which relates to land is deemed not to have a finite life and is not depreciated. The element of freehold property which does not relate to land is depreciated on a straight-line basis of 50 years, being the estimated useful economic life and it is assumed that the asset has no residual value on the basis of its specialised nature. Any changes in these assumptions will have an impact on the carrying amount of fixed assets.

The Trustees do not consider there to be any critical areas of judgement, other than those relating to estimation above, which have a significant effect on the amounts recognised in the financial statements.

Income

All income is recognised in the Statement of Financial Activities once the academy trust has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Grants

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

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

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

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 it is probable that the income will be received and the amount can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024

1. ACCOUNTING POLICIES - continued

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid and any balances held are disclosed in note 25.

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

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

Transfer on conversion

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within donations and capital grant income to the net assets received.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the academy trust to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Raising funds

Raising funds 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

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

Tangible fixed assets

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at the following annual rates in order to write off the cost less its estimated residual value of each asset over its estimated useful life:

Freehold property	- 20% on cost and 2% on cost
Fixtures and fittings	- 10% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 20% on cost

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.

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.

Financial instruments

The company enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties and loans to related parties.

a) Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts except where the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024

1. ACCOUNTING POLICIES - continued

c) Impairment of financial assets

Liabilities

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

d) Trade and other creditors

Debt instruments like loans and other accounts payable are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable within one year, typically trade payables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset is measured, initially and subsequently, at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Taxation

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

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

Fund accounting

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

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

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

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024

1. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

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

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

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

2. DONATIONS AND CAPITAL GRANTS

	31.8.24	31.8.23
	£	£
Donations	16,243	7,016
Grants	19,255	35,212,725
	<u>35,498</u>	<u>35,219,741</u>

Included within donations are unrestricted funds of £16,243 (2023: £7,016). Restricted donations totalled £nil (2023: £nil).

Included within restricted capital grants is £19,255 (2023: £35,212,725). This consists of £41,472 of devolved formula capital spent on fixed assets and a clawback of £22,217 of CIF funding relating to a project cancelled in a prior year. Last year, this included devolved capital funding, additional capital funding and a transfer on conversion from Aylesford School.

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024****2. DONATIONS AND CAPITAL GRANTS - continued**

Grants received, included in the above, are as follows:

	31.8.24	31.8.23
	£	£
Other DfE/EFSA grants	41,472	112,342
Transfer of Assets From School	-	713,564
Condition Improvement Funding	(22,217)	-
Other grants	-	34,386,819
	<u>19,255</u>	<u>35,212,725</u>

3. FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.24 Total funds £	31.8.23 Total funds £
DfE/ESFA grants				
General Annual Grant(GAG)	-	10,924,261	10,924,261	9,757,408
Pupil Premium	-	364,242	364,242	334,985
6th Form Grant	-	1,290,039	1,290,039	1,233,302
Supplementary Grant	-	-	-	280,003
Teachers Pay Grant	-	183,855	183,855	560
Teachers Pension Grant	-	161,594	161,594	51,919
Other DfE Group Grants	-	597,186	597,186	426,919
	-	<u>13,521,177</u>	<u>13,521,177</u>	<u>12,085,096</u>
Other Government grants				
Local Authority Grants	-	212,475	212,475	136,360
Trust Expansion Grant	-	-	-	206,381
Other Grants	-	117,189	117,189	29,920
	-	<u>329,664</u>	<u>329,664</u>	<u>372,661</u>
Other income from the academy trust's educational operations	<u>613,118</u>	<u>77,878</u>	<u>690,996</u>	<u>537,385</u>
	<u>613,118</u>	<u>13,928,719</u>	<u>14,541,837</u>	<u>12,995,142</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024

4. OTHER TRADING ACTIVITIES

	31.8.24	31.8.23
	£	£
Lettings	96,521	77,915
Sale of educational materials	34,600	41,919
	<u>131,121</u>	<u>119,834</u>

Included within other trading activities is unrestricted income of £131,121 (2023: £119,834) and restricted income of £nil (2023: £nil).

5. INVESTMENT INCOME

	31.8.24	31.8.23
	£	£
Deposit account interest	<u>20,607</u>	<u>16,560</u>

Included within deposit account interest is unrestricted income of £20,607 (2023: £16,560) and restricted income of £nil (2023: £nil).

6. EXPENDITURE

				31.8.24	31.8.23
	Staff costs	Non-pay expenditure: Premises	Other costs	Total	Total
	£	£	£	£	£
Raising funds					
Costs incurred by trading for a fundraising purpose					
Direct costs	-	-	43,636	43,636	58,461
Charitable activities					
Academy's educational operations					
Direct costs	10,098,406	1,229,973	1,016,357	12,344,736	9,738,263
Allocated support costs	<u>1,003,119</u>	<u>1,164,806</u>	<u>2,171,887</u>	<u>4,339,812</u>	<u>5,165,586</u>
	<u>11,101,525</u>	<u>2,394,779</u>	<u>3,231,880</u>	<u>16,728,184</u>	<u>14,962,310</u>

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024**

6. EXPENDITURE - continued

Net income/(expenditure) is stated after charging/(crediting):

	31.8.24	31.8.23
	£	£
Auditor's remuneration	16,388	9,000
Auditor's remuneration for non-audit work	5,458	-
Audit-related assurance services	-	6,305
Depreciation - owned assets	1,318,933	1,344,627
Other operating leases	2,659	-
Surplus on disposal of fixed assets	(58)	-

7. RAISING FUNDS

Costs incurred by trading for a fundraising purpose

	31.8.24	31.8.23
	£	£
3G Pitch Expenditure	43,636	58,461

8. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds	Restricted funds	31.8.24 Total funds	31.8.23 Total funds
	£	£	£	£
Direct costs	329,146	12,015,590	12,344,736	9,738,263
Support costs	556,999	3,782,813	4,339,812	5,165,586
	<u>886,145</u>	<u>15,798,403</u>	<u>16,684,548</u>	<u>14,903,849</u>

	31.8.24 Total	31.8.23 Total
	£	£
Analysis of support costs		
Support staff costs	1,003,119	2,235,895
Depreciation	95,034	83,388
Technology costs	137,974	11,457
Premises costs	1,164,806	2,373,792
Legal costs - other	72,133	-
Other support costs	1,837,518	436,073
Governance costs	29,228	24,981
Total support costs	<u>4,339,812</u>	<u>5,165,586</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024

9. STAFF COSTS

	31.8.24	31.8.23
	£	£
Wages and salaries	7,985,470	6,955,477
Social security costs	847,853	718,745
Operating costs of defined benefit pension schemes	1,788,337	1,554,937
	<u>10,621,660</u>	<u>9,229,159</u>
Supply teacher costs	351,066	407,607
Compensation payments	95,299	-
Severance payments	33,500	-
	<u>11,101,525</u>	<u>9,636,766</u>

The average number of persons (including senior management team) employed by the academy trust during the year was as follows:

	31.8.24	31.8.23
Teachers	103	120
Management	23	22
Support Staff	86	89
	<u>212</u>	<u>231</u>

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

	31.8.24	31.8.23
£60,001 - £70,000	11	2
£70,001 - £80,000	2	2
£80,001 - £90,000	1	-
£100,001 - £110,000	1	1
£110,001 - £120,000	1	1
£140,001 - £150,000	-	1
£150,001 - £160,001	1	-
	<u>17</u>	<u>7</u>

Key Management Personnel

The key management personnel of the Academy Trust comprise the trustees and the senior leadership team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £2,168,988 (2023: £1,766,013).

Severance Payments

The academy trust made 1 severance payment in the year, disclosed in the following band:

£0 - £25,000	0
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CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024****9. STAFF COSTS - continued**

£25,001 - £50,000

1

10. RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

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

M Wright (CEO and Accounting Officer):

Remuneration £150,001 - £155,000 (2023: £140,001 - £145,000)

Employer's pension contributions paid £35,001 - £40,000 (2023: £30,001 - £35,000)

During the year ended 31 August 2024, no expenses were reimbursed or paid directly to trustees (2023: £NIL).

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted Fixed Asset funds £	Restricted general funds £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	720,580	34,499,161	-	35,219,741
Transfer from Local Authority on conversion	-	107,000	(107,000)	-
Charitable activities				
Funding for the academy's educational operations	480,527	-	12,514,615	12,995,142
Other trading activities	119,834	-	-	119,834
Investment income	16,560	-	-	16,560
Total	1,337,501	34,606,161	12,407,615	48,351,277
EXPENDITURE ON				
Raising funds	58,461	-	-	58,461
Charitable activities				
Academy's educational operations	665,624	1,345,962	12,892,263	14,903,849
Total	724,085	1,345,962	12,892,263	14,962,310
NET INCOME/(EXPENDITURE)	613,416	33,260,199	(484,648)	33,388,967
Transfers between funds	(18,263)	87,316	(69,053)	-
Other recognised gains/(losses)				
Actuarial gains on defined benefit schemes	-	-	446,000	446,000

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024****11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued**

	Unrestricted fund £	Restricted Fixed Asset funds £	Restricted general funds £	Total funds £
Net movement in funds	595,153	33,347,515	(107,701)	33,834,967
RECONCILIATION OF FUNDS				
Total funds brought forward	53,152	10,308,221	236,196	10,597,569
TOTAL FUNDS CARRIED FORWARD	<u>648,305</u>	<u>43,655,736</u>	<u>128,495</u>	<u>44,432,536</u>

12. TRUSTEES' AND OFFICERS' INSURANCE

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

13. CENTRAL SERVICES

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

14. TANGIBLE FIXED ASSETS

	Freehold property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 September 2023	46,956,749	382,651	19,916	528,882	47,888,198
Additions	59,062	123,893	-	24,651	207,606
Disposals	-	-	(8,000)	-	(8,000)
At 31 August 2024	<u>47,015,811</u>	<u>506,544</u>	<u>11,916</u>	<u>553,533</u>	<u>48,087,804</u>
DEPRECIATION					
At 1 September 2023	3,886,914	105,458	11,133	340,105	4,343,610
Charge for year	1,223,841	37,932	2,137	55,023	1,318,933
Eliminated on disposal	-	-	(7,638)	-	(7,638)
At 31 August 2024	<u>5,110,755</u>	<u>143,390</u>	<u>5,632</u>	<u>395,128</u>	<u>5,654,905</u>
NET BOOK VALUE					
At 31 August 2024	<u>41,905,056</u>	<u>363,154</u>	<u>6,284</u>	<u>158,405</u>	<u>42,432,899</u>
At 31 August 2023	<u>43,069,835</u>	<u>277,193</u>	<u>8,783</u>	<u>188,777</u>	<u>43,544,588</u>

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024**

14. TANGIBLE FIXED ASSETS - continued

Character Education Trust's transactions relating to land and buildings included:

The freehold of Aylesford School was donated to the academy trust at a value of £33,900,000.

The freehold of 39 Teapot Lane was donated to the academy trust at a value of £380,000.

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.24	31.8.23
	£	£
Trade debtors	13,021	6,353
VAT	152,546	59,264
Prepayments and accrued income	<u>239,259</u>	<u>201,599</u>
	<u>404,826</u>	<u>267,216</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.24	31.8.23
	£	£
Other loans (see note 18)	3,918	3,918
Trade creditors	357,196	53,744
Social security and other taxes	423,853	360,665
Other creditors	16,728	19,480
Accruals and deferred income	<u>353,649</u>	<u>393,688</u>
	<u>1,155,344</u>	<u>831,495</u>

	31.08.24	31.08.23
	£	£
Deferred income at 1 September 2023	22,244	103,380
Released from previous years	(3,361)	(81,577)
Resources deferred in the year	<u>20,568</u>	<u>441</u>
Deferred income at 31 August 2024	<u>39,451</u>	<u>22,244</u>

At the balance sheet date, the academy trust was holding funds as follows:

	31.08.24	31.08.23
	£	£
Catering income	12,030	8,502
Charity income	1,448	1,448
School trips	20,944	7,265
Wrotham Walk	4,029	4,029
Grant funding	<u>1,000</u>	<u>1,000</u>
Deferred income at 31 August 2024	<u>39,451</u>	<u>22,244</u>

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.8.24	31.8.23
	£	£
Other loans (see note 18)	<u>19,129</u>	<u>23,214</u>

18. LOANS

An analysis of the maturity of loans is given below:

	31.8.24	31.8.23
	£	£
Amounts falling due within one year on demand:		
Other loans	<u>3,918</u>	<u>3,918</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>3,918</u>	<u>3,918</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>15,211</u>	<u>19,296</u>

CIF loans of £10,000 and £23,848 were awarded in 2020.

The loan of £10,000 incurs interest at 1.68% annually and is repayable over 12 years.

The loan of £23,848 is interest free and is repayable over 9 years.

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted fund	Restricted Fixed Asset funds	Restricted general funds	31.8.24 Total funds
	£	£	£	£
Fixed assets	-	42,432,899	-	42,432,899
Current assets	39,453	365,021	712,515	1,116,989
Current liabilities	(39,453)	(181,311)	(934,580)	(1,155,344)
Long term liabilities	-	(19,129)	-	(19,129)
Pension liability	-	-	(19,000)	(19,000)
	<u>-</u>	<u>42,597,480</u>	<u>(241,065)</u>	<u>42,356,415</u>

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024****19. ANALYSIS OF NET ASSETS BETWEEN FUNDS - continued**

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

	Unrestricted fund	Restricted Fixed Asset funds	Restricted general funds	31.8.23 Total funds
	£	£	£	£
Fixed assets	-	43,544,588	-	43,544,588
Current assets	648,305	138,280	973,072	1,759,657
Current liabilities	-	(3,918)	(827,577)	(831,495)
Long term liabilities	-	(23,214)	-	(23,214)
Pension liability	-	-	(17,000)	(17,000)
	<u>648,305</u>	<u>43,655,736</u>	<u>128,495</u>	<u>44,432,536</u>

20. MOVEMENT IN FUNDS

	At 1.9.23 £	Net movement in funds £	Transfers between funds £	At 31.8.24 £
Restricted general funds				
General Annual Grant (GAG)	145,495	(625,809)	258,249	(222,065)
Pension Reserve	(17,000)	(2,000)	-	(19,000)
	<u>128,495</u>	<u>(627,809)</u>	<u>258,249</u>	<u>(241,065)</u>
Restricted fixed asset funds				
Assets held for depreciation	43,544,588	(1,318,875)	207,186	42,432,899
Sinking fund	138,280	-	49,348	187,628
Salix loan	(27,132)	-	4,085	(23,047)
Capital funding	-	19,255	(19,255)	-
	<u>43,655,736</u>	<u>(1,299,620)</u>	<u>241,364</u>	<u>42,597,480</u>
Total restricted funds	<u>43,784,231</u>	<u>(1,927,429)</u>	<u>499,613</u>	<u>42,356,415</u>
Unrestricted fund				
General fund	648,305	(148,692)	(499,613)	-
TOTAL FUNDS	<u>44,432,536</u>	<u>(2,076,121)</u>	<u>-</u>	<u>42,356,415</u>

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024****20. MOVEMENT IN FUNDS - continued**

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Restricted general funds				
General Annual Grant (GAG)	10,924,261	(11,550,070)	-	(625,809)
Pension Reserve	-	75,000	(77,000)	(2,000)
Other DfES/ESFA grants	597,186	(597,186)	-	-
Other grant income	117,189	(117,189)	-	-
Pupil Premium	364,242	(364,242)	-	-
6th Form Grant	1,290,039	(1,290,039)	-	-
Teachers Pay Grant	183,855	(183,855)	-	-
Teachers Pension Grant	161,594	(161,594)	-	-
Local Authority Grants	212,475	(212,475)	-	-
RPA Insurance Claim	77,878	(77,878)	-	-
	<u>13,928,719</u>	<u>(14,479,528)</u>	<u>(77,000)</u>	<u>(627,809)</u>
Restricted fixed asset funds				
Assets held for depreciation	-	(1,318,875)	-	(1,318,875)
Capital funding	<u>19,255</u>	<u>-</u>	<u>-</u>	<u>19,255</u>
	<u>19,255</u>	<u>(1,318,875)</u>	<u>-</u>	<u>(1,299,620)</u>
Total restricted funds	<u>13,947,974</u>	<u>(15,798,403)</u>	<u>(77,000)</u>	<u>(1,927,429)</u>
Unrestricted fund				
General fund	<u>781,089</u>	<u>(929,781)</u>	<u>-</u>	<u>(148,692)</u>
TOTAL FUNDS	<u>14,729,063</u>	<u>(16,728,184)</u>	<u>(77,000)</u>	<u>(2,076,121)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024

20. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.9.22 £	Net movement in funds £	Transfers between funds £	At 31.8.23 £
Restricted general funds				
General Annual Grant (GAG)	469,806	(237,381)	(86,930)	145,495
Pension Reserve	(289,000)	272,000	-	(17,000)
Other DfES/ESFA grants	55,390	(73,267)	17,877	-
	<u>236,196</u>	<u>(38,648)</u>	<u>(69,053)</u>	<u>128,495</u>
Restricted fixed asset funds				
Assets held for depreciation	10,186,333	33,147,857	210,398	43,544,588
Sinking fund	120,017	-	18,263	138,280
Salix loan	(31,218)	-	4,086	(27,132)
Capital funding	33,089	112,342	(145,431)	-
	<u>10,308,221</u>	<u>33,260,199</u>	<u>87,316</u>	<u>43,655,736</u>
Total restricted funds	<u>10,544,417</u>	<u>33,221,551</u>	<u>18,263</u>	<u>43,784,231</u>
Unrestricted fund				
General fund	53,152	613,416	(18,263)	648,305
TOTAL FUNDS	<u>10,597,569</u>	<u>33,834,967</u>	<u>-</u>	<u>44,432,536</u>

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024****20. MOVEMENT IN FUNDS - continued**

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Restricted general funds				
General Annual Grant (GAG)	9,757,408	(9,994,789)	-	(237,381)
Pension Reserve	(107,000)	(67,000)	446,000	272,000
Other DfES/ESFA grants	426,919	(500,186)	-	(73,267)
Other grant income	29,920	(29,920)	-	-
Pupil Premium	334,985	(334,985)	-	-
6th Form Grant	1,233,302	(1,233,302)	-	-
Supplementary Grant	280,003	(280,003)	-	-
Teachers Pay Grant	560	(560)	-	-
Teachers Pension Grant	51,919	(51,919)	-	-
Local Authority Grants	136,360	(136,360)	-	-
Trust Expansion Grant	206,381	(206,381)	-	-
RPA Insurance Claim	56,858	(56,858)	-	-
	<u>12,407,615</u>	<u>(12,892,263)</u>	<u>446,000</u>	<u>(38,648)</u>
Restricted fixed asset funds				
Assets held for depreciation	34,493,819	(1,345,962)	-	33,147,857
Capital funding	112,342	-	-	112,342
	<u>34,606,161</u>	<u>(1,345,962)</u>	<u>-</u>	<u>33,260,199</u>
Total restricted funds	<u>47,013,776</u>	<u>(14,238,225)</u>	<u>446,000</u>	<u>33,221,551</u>
Unrestricted fund				
General fund	1,337,501	(724,085)	-	613,416
TOTAL FUNDS	<u>48,351,277</u>	<u>(14,962,310)</u>	<u>446,000</u>	<u>33,834,967</u>

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024****20. MOVEMENT IN FUNDS - continued**

Total fund balance as at 31 August 2024 were allocated as follows:

	2024 £	2023 £
Wrotham School	(218,147)	422,700
Aylesford School	(3,918)	371,100
	<u>(222,065)</u>	<u>793,800</u>
Restricted fixed asset funds	42,597,480	43,655,736
Pension reserve	(19,000)	(17,000)
	<u>42,356,415</u>	<u>44,432,536</u>

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total £
Wrotham School	5,737,039	66,799	143,257	1,652,622	7,599,717
Aylesford School	<u>5,022,748</u>	<u>73,982</u>	<u>158,208</u>	<u>2,554,596</u>	<u>7,809,534</u>
Total	<u>10,759,787</u>	<u>140,781</u>	<u>301,465</u>	<u>4,207,218</u>	<u>15,409,251</u>

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

General Annual Grant (GAG)

Funds must be used for the normal running costs of the Academy Trust. The Academy Trust is allowed to carry forward funds in accordance with the Academies Financial Handbook, which is reviewed annually. Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2024.

Other restricted general funds

Funding is provided by government grants in addition to the GAG which must be used for the provision of education for special needs purposes and other specified activities.

The pension liability has been charged to restricted reserves. This is because the obligation to fund the deficit is met from the General Annual Grant funding which is accounted for through restricted reserves and therefore it is more appropriate to charge the deficit to restricted reserves.

Restricted fixed asset funds

Funding is provided by way of government grants or capital expenditure from the GAG in order to acquire specified fixed assets for use by the Academy Trust in achieving its educational objectives.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024

20. MOVEMENT IN FUNDS - continued

DfE/ESFA capital grants for assets have been utilised for the purchase of tangible fixed assets and transferred to Assets Held for Depreciation.

Unrestricted funds

Unrestricted funds can be used for any purpose at the discretion of the Academy Trust.

Transfers between funds

£49,348 was transferred from general unrestricted funds to the sinking fund to be held for future repairs and maintenance to the 3G pitch.

£4,085 was transferred from general unrestricted funds to the Salix loan fund to cover repayments made on the loan.

A net transfer of £19,255 was made from capital funding to assets held for depreciation, which consists of £41,472 of devolved formula capital spent on fixed assets and a clawback of £22,217 of CIF funding relating to a project cancelled in a prior year.

£187,931 was transferred from unrestricted funds to assets held for depreciation to cover purchases of fixed assets made in the year.

A transfer of £258,249 was made from unrestricted funds to GAG to cover expenditure during the year.

The academy trust is carrying a net deficit of £222,065 on restricted general funds (excluding pension reserve) and it has no unrestricted funds; this has occurred because of an error in its budgeting process and unforeseen redundancy costs. The academy trust is taking action to return these funds to surplus, namely closely monitoring budgets in the new financial year and ensuring that only necessary expenditure is carried out. The Board will actively consider what cost savings can also be made in order to replenish reserves.

21. 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 Kent County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2020 and of the LGPS to the period ended 31 March 2022.

Contributions amounting to £221,315 were payable to the schemes at 31 August 2024 (2023 - £171,868) and are included within creditors.

Teachers' pension scheme

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

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024

21. PENSION AND SIMILAR OBLIGATIONS - continued

Valuation of the teachers' pension scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to ensure scheme costs are recognised and managed appropriately and the review specifies 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 2020. The valuation report was published by the Department for Education on 27 October 2023, with the SCAPE rate, set by HMT, applying a notional investment return based on 1.7% above the rate of CPI. The key elements of the valuation and subsequent consultation are:

- Employer contribution rates set at 28.68% of pensionable pay (including a 0.08% administration levy). This is an increase of 5% in employer contributions and the cost control result is such that no change in member benefits is needed.
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million.

The result of this valuation will be implemented from 1 April 2024. The next valuation result is due to be implemented from 1 April 2028.

The employer's pension costs paid to TPS in the period amounted to £1,464,856 (2023 - £1,070,043).

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 is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the academy trust has taken advantage of the exemption in FRS 102 and 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 pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2024 was £484,000 (2023 - £388,000), of which employer's contributions totalled £384,000 (2023 - £307,000) and employees' contributions totalled £100,000 (2023 - £81,000).

The agreed contribution rates for future years are 22.50 per cent for employers and a variable percent for employees dependent on salary.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an academy trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024

21. PENSION AND SIMILAR OBLIGATIONS - continued

The amounts recognised in the Statement of Financial Activities are as follows:

	Defined benefit pension plans	
	31.8.24	31.8.23
	£	£
Current service cost	318,000	469,000
Net interest from net defined benefit asset/liability	(9,000)	11,000
Past service cost	-	-
Administration costs	3,000	1,000
	<u>312,000</u>	<u>481,000</u>
Actual return on plan assets	<u>210,000</u>	<u>151,000</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	31.8.24	31.8.23
	£	£
Opening defined benefit obligation	3,764,000	2,695,000
Current service cost	318,000	362,000
Contributions by scheme participants	100,000	81,000
Interest cost	204,000	163,000
Benefits paid	(5,000)	(185,000)
Business combinations	-	1,166,000
Remeasurements:		
Actuarial (gains)/losses from changes in demographic assumptions	(9,000)	(60,000)
Actuarial (gains)/losses from changes in financial assumptions	193,000	(863,000)
Oblig other remeasurement	(19,000)	405,000
	<u>4,546,000</u>	<u>3,764,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024

21. PENSION AND SIMILAR OBLIGATIONS - continued

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.8.24	31.8.23
	£	£
Opening fair value of scheme assets	3,747,000	2,406,000
Contributions by employer	384,000	307,000
Contributions by scheme participants	100,000	81,000
Expected return	213,000	152,000
Actuarial gains/(losses)	(3,000)	(1,000)
Benefits paid	(5,000)	(185,000)
Settlements	-	1,059,000
Remeasurements:		
Return on plan assets (excluding interest income)	91,000	(178,000)
Assets other remeasurement	-	106,000
	<u>4,527,000</u>	<u>3,747,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	31.8.24	31.8.23
	£	£
Actuarial (gains)/losses from changes in demographic assumptions	9,000	60,000
Actuarial (gains)/losses from changes in financial assumptions	(193,000)	863,000
Oblig other remeasurement	19,000	(405,000)
Return on plan assets (excluding interest income)	91,000	(178,000)
Assets other remeasurement	-	106,000
	<u>(74,000)</u>	<u>446,000</u>

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024****21. PENSION AND SIMILAR OBLIGATIONS - continued**

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	31.8.24	31.8.23
Equities	57%	63%
Gilts	7%	1%
Other bonds	15%	14%
Property	9%	10%
Cash	2%	1%
Absolute return	5%	7%
Infrastructure	5%	4%
	<u>100%</u>	<u>100%</u>

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):

	31.8.24	31.8.23
Discount rate	5.05%	5.35%
Future salary increases	3.80%	3.85%
Future pension increases (CPI)	2.80%	2.85%
Commutation of pension to lump sums	50.00%	50.00%
Inflation assumptions (RPI)	3.15%	3.05%

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

Retiring today		
Males	20.7	20.7
Females	23.3	23.2
Retiring in 20 years		
Males	22	22
Females	24.7	24.6

Sensitivity analysis

	31.8.24	31.8.23
	£	£
Discount rate +0.1%	4,473,000	3,705,000
Discount rate -0.1%	4,621,000	3,824,000
Mortality assumption - 1 year increase	4,677,000	3,870,000
Mortality assumption - 1 year decrease	4,419,000	3,661,000
CPI rate +0.1%	4,620,000	3,824,000
CPI rate -0.1%	4,474,000	3,705,000

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024

22. CAPITAL COMMITMENTS

	31.8.24	31.8.23
	£	£
Contracted but not provided for in the financial statements	-	32,467

23. LONG-TERM COMMITMENTS, INCLUDING OPERATING LEASES

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.8.24	31.8.23
	£	£
Within one year	5,142	5,142
Between one and five years	12,855	17,997
	<u>17,997</u>	<u>23,139</u>

Minimum lease payments under other contractual commitments fall due as follows:

	31.8.24	31.8.23
	£	£
Within one year	292,876	292,873
Between one and five years	1,464,367	1,464,367
In more than five years	1,171,494	1,464,367
	<u>2,928,737</u>	<u>3,221,607</u>

The Character Education Trust occupies premises which are subject to a private finance initiative (PFI) contract. The trust itself is not party to this service concession contract, however the academy trust has entered in to a supporting agreement towards the costs of the local authority. The above relates to the commitments to operating payments including costs for catering, cleaning, utilities and other ancillary services.

Finance leases treated as operating leases

At 31 August 2024 the total of the Academy Trusts future minimum lease payments under non - cancellable finance leases were:

	31.08.24	31.08.23
	£	£
Within one year	15,627	15,627
Between one and five years	46,881	62,508
	<u>62,508</u>	<u>78,136</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024

24. RELATED PARTY DISCLOSURES

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. The following related party transactions took place in the financial period.

	2024 (£)	2023 (£)
S Reeve		
Remuneration	20,001 - 25,000	15,001 - 20,000
Pension contributions paid	-	-
R Malik		
Remuneration	10,001 - 20,000	5,001 - 10,000
Pension contributions paid	5,001 - 10,000	1 - 5,000
W Reeve		
Remuneration	1 - 5,000	-
Pension contributions paid	-	-
M Newman		
Remuneration	1 - 5,000	-
Pension contributions paid	-	-

The transactions above are all with family members of trustees and/or key management personnel. These transactions were received by the staff members in the course of their employment for the trust.

All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

25. AGENCY ARRANGEMENTS

The Multi Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2024 the trust received £22,593 (2023: £17,432) and distributed £23,056 (2023: £2,541) from the fund. An amount of £16,728 (2023: £17,191) is included in trade creditors relating to undistributed funds that are repayable to ESFA.

CHARACTER EDUCATION TRUST (REGISTERED NUMBER: 07662701)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2024

26. AYLESFORD SCHOOL CONVERSION TO CHARACTER EDUCATION TRUST

On 1st September 2022 Aylesford School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Character Education Trust from Kent County Council.

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

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

	Unrestricted funds £	Restricted General funds £	Restricted Fixed Asset funds £	Total £
Tangible fixed assets:				
Freehold land and buildings	-	-	34,280,000	34,280,000
Other tangible fixed assets	-	-	213,819	213,819
Current assets:				
Cash - representing budget surplus on Local Authority funds	713,564	-	-	713,564
Current liabilities	-	-	-	-
Non current liabilities	-	-	-	-
LGPS Pension	-	-	(107,000)	(107,000)
Net assets	713,564	-	34,386,819	35,100,383