

REGISTERED COMPANY NUMBER: 07662701 (England and Wales)

CHARACTER EDUCATION TRUST
(FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

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FOR THE YEAR ENDED 31 AUGUST 2021

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CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2021

Registered Company number	07662701 (England and Wales)
Company Name	Character Education Trust (Formally known as Divergent Partnership Trust)
Principal & Registered Office	Borough Green Road Wrotham Sevenoaks TN15 7RD
Members	P B Broszek M C Reeve S Smith
Trustees	S Smith, Chair * L Blumsum Appointed Sep-21 P G Bridgman Resigned Sep-20 M Cater, Head teacher Resigned Sep-20 D Cuff* Appointed Oct-20 Resigned Sep-21 L Dineen Resigned Sep-20 J C Emmitt Resigned Sep-20 C F Gilhooly Resigned Sep-20 A Malik* Resigned Jun-21 C J Miller - Hanna Resigned Sep-20 N Newman Appointed Sep-20 Resigned Dec-20 M C Reeve* J Smith Resigned Sep-20 D Turner* M Wright, Chief Executive Officer and Accounting Officer*
	*Members of the Finance and Audit Committee
Senior Management Team	M Wright, Chief Executive Officer M Cater, Head teacher S Boudreau, Assistant Head teacher (From Sept 21) L Collacott, Assistant Head teacher (Resigned Aug 21) A Griffin, Assistant Head teacher S Morris, Assistant Head teacher (From Sept 21) V Ross, Assistant Head teacher J Truss, Assistant Head teacher K Williams, Assistant Head teacher D Zamblera, Assistant Head teacher N Newman, Director of Finance

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Independent Auditor

Clair Rayner FCA DChA (Senior Statutory Auditor)
McCabe Ford Williams
Statutory Auditors and
Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

Bankers

National Westminster Bank
Swan Street
West Malling
Kent
ME19 6HG

Websites

www.charactereducation.org
www.wrothamschool.com

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees (who are also the directors of the charity for the purposes of the Companies Act) present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2021. The Annual report serves the purposes of both a Trustee's report, and a Director's report under company law. The Trustees confirm that the annual report and financial statements of the Trust comply with the current statutory requirements, the requirements of the Trust's article of association and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2019. The annual report serves the purposes of both a trustee's report, and a directors' report under company law.

In 2013 Wrotham School converted to academy status and became a Multi Academy Trust. Wrotham School has consistently been one of the highest performing non-selective schools in Kent. In 2018 Ofsted reported that Wrotham School was the highest performing non-selective school in Kent. In 2016 Wrotham Trust was asked by Kent County Council to take on the leadership of Aylesford School which had been judged as 'inadequate' in all areas during a local authority review. In 2020 a full Ofsted inspection took place and all areas of Aylesford School were judged as 'good'. In 2017 this school was given an academy order with our Trust as the named Sponsor. In June 2019 Wrotham School was inspected by Ofsted and judged to have 'outstanding' leadership and 'good' overall effectiveness. In March 2020 the Trust changed its name to Character Education Trust and this was filed at Companies House on 29th January 2021. The name change was to reflect the fact that its schools are leading work in this field. In September 2020 the Trust Board created a separate Local Governing Body for Wrotham School. Companies House shows a number of Trustees leaving the Board of Directors. However, those leaving at this time

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 medium sized MAT of five academies across the primary and secondary phases.

During the year under review the trust comprised solely of Wrotham 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 975 in October 2021 (2020 - 914). Aylesford School is still a maintained school with an academy order to join our Trust, and conversion to academy status and joining our Trust has been delayed by the fact that Aylesford is a PFI school. Our Trustees and the governing body of Aylesford School have committed to a three year Memorandum of Understanding to work in partnership 'as if Aylesford was a member of the Trust' from a governance perspective.

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 Divergent Partnership Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as Divergent Partnership 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 company undertakes to contribute to the assets of the charitable company in the end 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.

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued
Method of Recruitment and Appointment or Election of Trustees

The Board is currently comprised of 6 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.

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 Company 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 are responsible for the general policy, adopting an annual improvement plan and budget, monitoring the Trust by the use of budgets and making major decisions about the directors of the Trust, capital expenditure and senior staff appointments.

The Board of Trustees comprises those persons appointed under the Articles of Association. The board meets a minimum of three times a year. All trustees are linked to a member of the senior leadership team whom they meet with a minimum of twice per year. Reports are prepared by each pair and these are presented to the full Board of Trustees. The committee structure includes Finance & Audit and Health & Safety. These committees are formally constituted with terms of reference and comprise appropriately qualified and experienced members.

The Board delegates specific responsibilities to its Committees and Trustees, the activities of which are reported to and discussed at full Board Meetings. The Trust moved to a MAT governance structure in September 2020. This saw the local governing body form for Wrotham and report to the trust board (along with information from Aylesford School). Day to day management of the academies / schools is undertaken by the Head teacher, supported by the Senior Leadership Team.

A Strategic Leadership Group is comprised of the Chief Executive Officer (who is also the Chief Accounting Officer) and the Head teachers. 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 the collaboration is effective; to ensure that Head teachers feel supported; to ensure that good leaders develop more leaders. At each academy / school the Head teacher 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.

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FOR THE YEAR ENDED 31 AUGUST 2021**

STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

Organisation Structure - continued

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

Arrangements for setting pay and remuneration of key management personnel

The Trustees and Chief Executive Officer establish a Leadership Group 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 teacher. Trustees take account of the following factors in the determining the pay of the Chief Executive Officer, Head teacher, Deputy and Assistant Head teachers and the Director of Finance, as laid out in the Trust Pay and Appraisal Policies.

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

Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
0	0

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Provide the total cost of facility time	0
Provide the total pay bill	0
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0

Paid trade union activities

Time spent of trade union activities as a percentage of (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0
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Related Parties and other Connected Charities and Organisations

A Memorandum of understanding exists between the trust and the governing body of Aylesford School to work in partnership as if Aylesford was a member of the trust. To that effect, Aylesford School makes an annual financial contribution to the Trust. It is the intention of all parties that this school will join the Multi Academy Trust in due course. The Trust is actively seeking partner schools and academies to join the Trust and been actively seeking in the past year.

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.

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021

OBJECTIVES AND ACTIVITIES

Objects 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.

Objectives, strategies and activities

The main strategic aims of the Trust are summarised below:

- to support every student to achieve academic excellence and personal success
- to raise the standard of educational achievements of all students
- to invest in staff and student development through new initiatives and opportunities
- to provide value for money
- to develop a small local MAT that values partnerships of equals, and aims to grow excellent local schools that local children can attend together

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.

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.

Parents are given regular information about their son/daughter's social and academic progress through 6 progress reports a year and one full report a year as well as Parent Evenings, Parent Portal (secure online system), Newsletters, and regular contact with parents is maintained as and when required.

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.

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.

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REPORT OF THE TRUSTEES
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STRATEGIC REPORT
ACHIEVEMENTS AND PERFORMANCE 2020 - 21

Wrotham School

In June 2019 Ofsted completed a Section 5 Inspection. The quality of leadership, and the personal welfare and development of students were judged to be 'outstanding'. All other areas were judged to be 'good'.

The inspection report highlights the significant strengths of the school. Furthermore, having the quality of leadership judged as 'outstanding' not only confirms the strength in this area, but also underlines the significant leadership capacity in the school and the Trust, as this judgement was achieved whilst the school supports another local school.

Aylesford School

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

Impact of COVID

Wrotham School

During the year the school saw minimal disruption due to the outbreak of COVID cases on site. The school remained open when advised to by the government.

The school adapted to the new situation with the purchase of new sinks for the playground and has divided areas of the school to allow bubbles of year groups to take place. The school altered the school timetable to reduce the amount of lessons in each day to reduce movement around the school. The school also adopted a staggered day for different years meaning that periods such as lunchtimes and leaving the school take place at different times for different year groups.

The school saw planned income for the hire of the existing and new sport facilities significantly impacted during the past financial year. The 3G pitch saw income of only 27% of the budgeted levels which would have been in line with previous years. The sports hall did not see any bookings due to the COVID regulations meaning the loss of all planned income associated to the facility.

The school canteen also saw income decrease for the majority of the year. At the start of the academic year the takings were 40% compared to previous years, this did improve as the year went on.

The school did receive funding linked to COVID. The canteen staff were furloughed under the COVID regulations when the school was not open. The school also received funding for operating as a test centre prior to the reopening in April. All students were invited to attend covid screening.

The school was able to make savings due to building costs with utilities not at normal levels due to periods when the school was closed. We were also able to save on staff costs for periods where the school was closed and staff had left.

The school made COVID safety a consideration at all times. The school was able to organise additional cleaning of the facilities and provide the site team with more equipment. The school made sure it had enough hand washing facilities from sinks and hand gel, enough masks for people requiring them and deep cleaning whilst the school was not open.

The savings generated after additional covid costs were used to improve existing facilities. The site team continued its redecoration strategy from the previous year. We also invested in new ICT infrastructure to allow remote learning at all times. We have committed to replacing the servers to increase the security of our electrical records.

We finally have worked to make COVID temporary measures permanent with a new one way system for vehicles across the site.

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STRATEGIC REPORT

Impact of COVID
Aylesford School

The school was able to utilise savings from the school being closed to offset COVID costs for masks, hand gel and additional cleaning equipment. The school adopted clear spacing at all times and a new one way system was implemented across the site.

The school continued its heavy ICT development plan with more additional laptops purchased, a new server and more visualisers to allow remote learning due to COVID isolation.

The school was more effected by COVID than Wrotham, with absence occurring more frequently. This meant the school spent more on free school meal vouchers for periods when the students could not attend due to isolation.

The school also received funding for operating as a test centre prior to the reopening in April. All students were invited to attend covid screening.

ACHIEVEMENTS AND PERFORMANCE 2020-21

Key Performance Measures

Key Performance Measures
Wrotham School

	2021 (Unvalidated data*)	2020 (Validated data)
Key Stage 4		
% of students achieving grade 4+ in English	92	88
% of students achieving grade 4+ in Mathematics	80.4	76
Attainment 8	51.89	48.71
Key Stage 5	2021	2020
% of grades at A* to C (A levels and equivalent)	85%	77%
% of grades at A* B (A levels and equivalent)	62%	52%
Level 3 Value Added	1.04	0.06

Aylesford School

	2021 (Unvalidated data*)	2020 (Validated data)
Key Stage 4		
% of students achieving grade 4+ in English	75%	79%
% of students achieving grade 4+ in Mathematics	67.54%	65.80%
Attainment 8	43.1	38.5
Key Stage 5	2021	2020
% of grades at A* to C (A levels and equivalent)	57.43	30.89
% of grades at A* B (A levels and equivalent)	29.7	10.51

Key Financial Performance Indicators

Staff costs (excluding FRS 102 adjustments) as a percentage of total income (excluding capital funding) for 2020/21 were:

	Actual 2021 %	Actual 2020 %	Actual 2019 %
Teaching staff	65	65	60
Educational support staff	8.5	8.5	7.3
Other academy support staff	8.3	8.3	10.1
Total Staff	81.8	81.8	77.4

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Going Concern

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

FINANCIAL REVIEW

The trust's accounting period covers the year to 31 August 2021.

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 2021 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 2021, total expenditure was £5,294,669 (2020: £4,709,642) and recurrent grant funding from the DfE together with other incoming resources amounted to £5,628,278 (2020 as restated: £4,828,980). Excluding movements in the pension and fixed asset reserves, net income was £137,544 (2020: net income £137,114). It should be noted that surplus funds are held in the fixed asset fund of £81,063 (2020: £104,028) 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 and there are unspent capital funds in respect of CIF projects of £564,176. The total of restricted general funds plus unrestricted funds (i.e. excluding the restricted fixed asset fund and pension reserve) at the 31 August 2021 was £361,096 (2020: £223,552).

At 31 August 2021, the net book value of tangible fixed assets was £11,064,704 (2020: £10,810,494) and movements in tangible fixed assets are shown in note 13 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 Divergent Partnership Trust.

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 trustees have determined that the appropriate level of free reserves should be between 3 and 5% of annual income. 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 academy's current level of reserves, excluding fixed asset reserves and the pension deficit, is £361,096 (2020: £223,552), broken down between unrestricted reserves of £71,218 (2020: £80,721) and a restricted revenue reserves of £289,878 (2020: £142,831).

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REPORT OF THE TRUSTEES
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Funds in Deficit

The Local Government Pension Scheme is stated in the accounts to be in deficit in the sum of £1,772,000 (2020: £1,457,000) 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 2021.

Investment Policy

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

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 is also bidding through the Condition Improvement Fund to update and improve the facilities in the Trust.

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

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REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2021

FUNDRAISING

The trust does not currently use external fundraisers. All fundraising undertaken during the year was monitored by the trustees.

The trust completed a sponsored walk for the students in July. All other activities did not take place during the year due to covid.

PLANS FOR FUTURE PERIODS

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 has had significant success with Condition Improvement Fund bids. We were able to complete a new gas boiler in the main building by November 2020. This follows the sports hall being completed in July 2020.

The school has been successful in obtaining funding to finish the renovation of the main building including windows and cladding

The school has been working to convert the old PE changing rooms in to a new music classroom.

The trust is awaiting confirmation from Kent County Council in regards to when the academy order can be processed for Aylesford School to join the trust formally.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

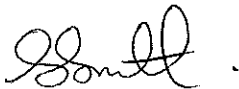
The Academy Trust distributes 16 – 19 bursary funds to the students as an agent for the ESFA. Details including any amounts not dispersed by the financial year end are disclosed in note 29 to the financial statements.

AUDITORS

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, was approved by order of the members of the Board of Trustees on 6th December 2021 and signed on its behalf by:



S Smith
Chair Of Trustees

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
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GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, 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.

Governance

The information included on Governance here supplements that described in the Report of the Trustees and in the Statement of Trustees' Responsibilities. The full Board of Trustees has formally met 6 times during the financial year ended 31 August 2021 and attendance during that period at meetings of the Board of Trustees was as follows:

Trustee	Meetings Attended	Out of a Possible
S Smith, Chair	6	6
D Cuff	4	6
A Maik	4	6
M C Reeve	6	6
D Turner	2	6
M Wright, Chief Executive Officer & Accounting Officer	6	6
L Blumsum	0	0
P G Bridgman	0	0
M Cater, Head teacher	0	0
L Dineen	0	0
J C Emmitt	0	0
C F Gilhooly	0	0
C J Miller - Hanna	0	0
N Newman	0	0
J Smith	0	0

There was one appointment and seven resignations during the year. The resignations are linked to the trust board and local governing body becoming separated as the trust adopted a new structure. Those who resigned in September 2020 remained on the local governing body during the year.

The trust board also called two extraordinary meetings in the year to discuss pressing matters that could not await for the agreed formal meetings.

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

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.
- Trustees have been co-opted onto the local governing body of Aylesford School to support and develop the quality of governance.
- Trustees have supported Trust leaders in the completion of a Condition Improvement Fund bid that has successfully led to the funding of new windows
- Trustees have met with Chairs of Governors of local schools to inform them of the work of Character Education Trust.

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 Audit Committee is a sub-committee of the main Board of Trustees. Its purpose is to assist the decision making of the main board of Trustees, by enabling more detailed consideration to be given to the best means of fulfilling the Trustee's responsibilities to ensure sound management of the Academy's finances and resources, including proper planning and monitoring. Attendance at meetings during the financial year ended 31 August 2021 is shown below:

Trustees	Meetings attended	Out of a possible
S Smith, Chair	6	6
D Cuff	4	6
A Malik	4	6
M C Reeve	6	6
D Turner	2	6
M Wright, Executive Head teacher & Accounting Officer	6	6

Governance Review

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 governors have had to meet via online meeting platforms since COVID has taken place. There have been meetings on site to monitor COVID planning in the school, monitor progress of the new sports hall and finance reviews. These meetings took place with social distancing in place.

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

Review of Value for Money

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

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

- 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.

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

The system of internal control has been in place in Character Education Trust for the year ended 31st August 2021 and up to date of approval of the annual report and financial statements.

Capacity to Handle Risk

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

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the 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;
- identification and management of risks.

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2021

The Risk and Control Framework – continued

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:

- Testing of purchase systems
- Testing of control accounts
- Review of credit card payments
- Review of health and safety procedures

The internal auditors' reports to the Board of Trustees through the audit committee 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.

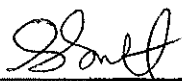
Review of Effectiveness

As Accounting Officer, the Chief Executive Officer 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.

Approved by order of the members of the Board of Trustees on 6th December 2021 and signed on its behalf by:



S Smith
Chair of Trustees



M Wright
Accounting Officer

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE
FOR THE YEAR ENDED 31 AUGUST 2021

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 ESFA terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2020.

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



M Wright
Accounting Officer
Dated: 6th December 2021

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF TRUSTEES RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2021

The trustees of Character Education Trust (who 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:

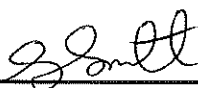
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from 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 members of the Board of Trustees on 6th December 2021 and signed on its behalf by:



S Smith
Chair of Trustees

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

Opinion

We have audited the financial statements of Character Education Trust (the 'charitable company') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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), including Financial Reporting Standard 102 (the financial reporting standard applicable in the UK and Republic of Ireland), the Charities SORP 2019, and the Accounts Direction 2020 to 2021 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 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 2020 to 2021.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

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

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

Other Information

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

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

We have nothing to report in this regard.

Options 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 (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company 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.

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement, 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors 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 academy trust through discussions with directors 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.

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 as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- 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;

- agreeing financial statements 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 the relevant regulator

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

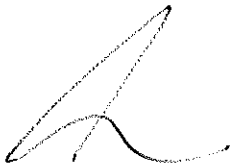
Auditors responsibilities for the audit of the financial statements

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Committee of Management and other management and the inspection of regulatory and legal correspondence, if any. Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Clair Rayner FCA DChA (Senior Statutory Auditor)
for and on behalf of McCabe Ford Williams
Statutory Auditors and Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

6 December 2021

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)
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 letter dated 14 October 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Character Education Trust during the period 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them. This report is made solely to 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 Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the framework and guide for external auditors and reporting accountants of academy trusts issued by the 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.

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY
TO CHARACTER EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

The work undertaken to draw our conclusion includes:

Review of the internal control environment which is designed to ensure compliance with regulations;

- Review of the work and reports of the internal auditor during the period;
- 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 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.

Conclusion

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

McCabe Ford Williams
Chartered Accountants
Bank Chambers
1 Central Avenue
Sittingbourne
Kent
ME10 4AE

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME)
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	31.08.21 Total Funds £	As Restated 31.08.20 Total Funds £
Income and Endowments from:						
Donations and capital grants	2	6,658		587,472	594,130	278,162
Charitable activities:						
Funding for the Academy Trust's educational operations	3	210,847	4,766,618		4,977,465	4,479,502
Other trading activities	4	56,677			56,677	68,844
Investments	5	6			6	2,472
Total		274,188	4,766,618	587,472	5,628,278	4,828,980
Expenditure on:						
Raising funds	6				-	-
Charitable activities:						
Academy Trust's educational operations	7	229,809	4,792,571	230,407	5,252,787	4,674,726
Other:	8	41,882			41,882	34,916
Total		271,691	4,792,571	230,407	5,294,669	4,709,642
Net Income / (Expenditure)		2,497	(25,953)	357,065	333,609	119,338
Transfer between funds	18	(12,000)		12,000	0	0
Net Income / (expenditure) for the year before other recognised gains and losses - carried forward		(9,503)	(25,953)	369,065	333,609	119,338

**CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT AND STATEMENT OF OTHER COMPREHENSIVE INCOME)
FOR THE YEAR ENDED 31 AUGUST 2021**

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	31.08.21 Total Funds £	As Restated 31.08.20 Total Funds £
Net income / (expenditure) for the year before other recognised gains and losses - brought forward		(9,503)	(25,953)	369,065	333,609	119,338
Other recognised gains / losses Actuarial Gains / (losses) on defined benefit pension schemes	27		(92,000)		(92,000)	(70,000)
Net movement in funds		(9,503)	(117,953)	369,065	241,609	49,338
Reconciliations of funds						
Total funds brought forward Prior Year Adjustment	31	80,721	(1,314,169)	11,341,792 (34,761)	10,183,344 (34,761)	10,024,245
Total funds brought forward		80,721	(1,314,169)	11,307,031	10,073,583	10,024,245
Total funds carried forward		<u>71,218</u>	<u>(1,432,122)</u>	<u>11,710,857</u>	<u>10,315,192</u>	<u>10,073,583</u>

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

BALANCE SHEET
AS AT 31 AUGUST 2021

	Notes	31.08.21 £	31.08.21 £	As Restated 31.08.20 £	31.08.20 £
Fixed Assets					
Tangible assets	13		11,064,705		10,810,494
Debtors	14	406,435		496,571	
Cash at bank and in hand		937,951		513,435	
		<u>1,344,386</u>		<u>1,010,006</u>	
Liabilities					
Creditors: Amounts falling due within on year	15	<u>(349,097)</u>		<u>(279,917)</u>	
Net Current Assets			995,289		730,089
Total assets less current liabilities			12,059,993		11,540,583
Creditors: Amount falling due after more than one year	17		(22,802)		(10,000)
Net assets excluding pension scheme liabilities			12,037,192		11,530,583
Defined benefit pension scheme liability	27		(1,722,000)		(1,457,000)
Total net assets			<u>10,315,192</u>		<u>10,073,583</u>
Funds of the Academy Trust:					
Restricted funds					
Fixed asset fund	18	11,676,096		11,307,031	
General Funds	18	289,878		142,831	
Pension reserve	18	<u>(1,722,000)</u>		<u>(1,457,000)</u>	
Total Restricted funds			10,243,974		9,992,862
Unrestricted funds					
General funds		<u>71,218</u>		<u>80,721</u>	
Total unrestricted funds			<u>71,218</u>		<u>80,721</u>
Total funds			<u>10,315,192</u>		<u>10,073,583</u>

The financial statements on pages twenty one to forty eight were approved by the trustees, and authorised for issue on 6th December 2021, and signed on their behalf by:



S Smith
Chair of Trustees
Company Registered Number: 07662701

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

		31.08.21	31.08.20
		£	£
	Notes		
Cash flows from operating activities			
Net cash (used in) / provided by operating activities	22	301,762	160,533
Cash flows from investing activities	23	102,857	(1,156,910)
Cash flows from financing activities	24	19,896	6,048
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		<u>424,515</u>	<u>(990,329)</u>
		<hr/>	<hr/>
Cash and cash equivalents at 1st September 2020		513,435	1,503,764
		<hr/>	<hr/>
Cash and cash equivalents at 31st August 2021	25	<u>937,951</u>	<u>513,435</u>

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

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

1 ACCOUNTING POLICIES

Character Education Trust is a charitable company limited by guarantee and an exempt charity incorporated in England and Wales. The registered office is Wrotham School, Borough Green Road, Wrotham, Sevenoaks, Kent TN15 7RD. The principal activity of the Academy Trust is to provide an education for pupils that satisfies the requirements of the Education Act 2002. A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgments and key sources of estimation uncertainty, is set out below.

Basis of preparation

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

Going concern

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

Income

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

• **Grants receivable**

Grants 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 grant are reflected in the balance in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

• **Sponsorship Income**

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

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

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

1 ACCOUNTING POLICIES - continued

Income - continued

• **Donations**

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

• **Other income**

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

• **Donated services and gifts in kind**

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

Expenditure

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

• **Expenditure on raising funds**

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

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

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

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

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

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

1 ACCOUNTING POLICIES - continued

Tangible fixed assets - continued

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

Freehold buildings	- 2% straight line
Fixtures and fittings	- 10% reducing balance
Motor vehicles	- 25% reducing balance
Computer equipment	- 20% straight line

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

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

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.

Leased assets

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

Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised costs as detailed in note 14. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15,16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver service rather than cash or another financial instrument.

Stock

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

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

1 ACCOUNTING POLICIES - continued

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.

Pension benefits

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

The TPS is an unfunded scheme and contributions are calculated so as 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 on the basis of quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions 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 operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

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 Education and Skills Funding Agency (ESFA)/ Department for Education and Kent County Council.

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

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

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 31.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

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

Critical areas of judgement

Useful economic lives of tangible assets

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

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
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NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £	Restricted Funds £	31.08.21 Total Funds £	As restated 31.08.20 Total Funds £
Capital grants		564,234	564,234	258,502
COVID Laptop donation		4,050	4,050	
Devolved capital funding		19,188	19,188	18,423
Other donations	6,658		6,658	1,237
	<u>6,658</u>	<u>587,472</u>	<u>594,130</u>	<u>278,162</u>

3 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £	Restricted Funds £	31.08.21 Total Funds £	31.08.20 Total Funds £
DfE/ESFA revenue grants				
General Annual Grant (GAG)		3,649,300	3,649,300	3,173,045
Pupil premium		129,627	129,627	114,470
6th form grant		572,026	572,026	566,425
Teachers Pay Grant		60,241	60,241	58,355
Teachers Pension Grant		170,227	170,227	164,111
Other DfE Group grants		14,136	14,136	52,240
	-	<u>4,595,557</u>	<u>4,595,557</u>	<u>4,128,646</u>
Other Government grants				
Local authority grants		52,444	52,444	156,948
Exceptional Government Funding				
Coronavirus Job Retention Scheme Grant		14,760	14,760	11,705
Free School Meals		15,657	15,657	
COVID Catch up Grant		60,000	60,000	
COVID Testing Grant		28,200	28,200	
		<u>118,617</u>	<u>118,617</u>	
Other income from the Academy Trust's educational operations	210,847	-	210,847	182,203
	<u>210,847</u>	<u>4,766,618</u>	<u>4,977,465</u>	<u>4,479,502</u>

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

The academy furloughed its catering staff under the government's CJRS. The funding received of £14,760 (2020: £11,705) relates to staff costs in respect of 6 staff which are included within note 10 below as appropriate.

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

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

4 OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	31.08.21 Total Funds £	31.08.20 Total Funds £
Letting income - 3G	47,881	-	47,881	59,831
Letting income - other			-	
Sale of educational materials	8,796		8,796	9,013
	<u>56,677</u>	<u>-</u>	<u>56,677</u>	<u>68,844</u>

5 INVESTMENTS

	Unrestricted Funds £	Restricted Funds £	31.08.21 Total Funds £	31.08.20 Total Funds £
Interest	6	-	6	2,472
	6	-	6	2,472

6 EXPENDITURE

	Staff costs £	Premises costs £	Other costs £	31.08.21 Total £	31.08.20 Total £
Cost of generating voluntary income				-	-
Academy's education operations				-	-
Direct costs	3,492,269	205,615	334,809	4,032,693	3,573,921
Allocated support costs	700,028	438,124	81,942	1,220,094	1,100,805
	4,192,297	643,739	416,751	5,252,787	4,674,726
Other			41,882	41,882	34,916
	<u>4,192,297</u>	<u>643,739</u>	<u>458,633</u>	<u>5,294,669</u>	<u>4,709,642</u>

Net income / (expenditure) for the year includes:

	31.08.21	31.08.20
Auditors remuneration	8,750	6,450
Auditor's remuneration for non-audit work	3,235	5,450
Depreciation - owned assets	226,359	180,143

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

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

7 CHARITABLE ACTIVITIES- ACADEMY TRUST EDUCATIONAL OPERATIONS AND LEISURE, RECREATION AND COMMUNITY

	Unrestricted Funds £	Restricted Funds £	31.08.21 Total Funds £	31.08.20 Total Funds £
Direct costs				
Teaching and educational support staff costs		3,446,911	3,446,911	3,151,153
Recruitment and support		45,358	45,358	25,036
Depreciation		205,615	205,615	163,242
Educational supplies		107,747	107,747	107,174
Equipment and IT purchases		98,509	98,509	18,590
Examination fees		70,848	70,848	68,715
School trips	45,332	-	45,332	22,498
Staff development		12,374	12,374	17,513
Educational consultancy		-	-	-
	<u>45,332</u>	<u>3,987,362</u>	<u>4,032,693</u>	<u>3,573,921</u>
Allocated support costs - Academy Trusts educational operations				
Support staff costs	99,142	427,885	527,028	467,914
FRS 102 Service cost adjustment		173,000	173,000	139,000
Depreciation		20,742	20,742	16,901
Premises expenses		85,066	85,066	50,571
Cleaning		100,731	100,731	86,679
Professional fees		7,020	7,020	15,403
Rent, rates and water		50,284	50,284	34,811
Insurance		14,996	14,996	15,277
Security, travel and subsistence		2,018	2,018	3,777
Catering	85,335	-	85,335	93,985
Light and heat		71,931	71,931	77,025
Bank interest and charges		3,376	3,376	3,835
Computer costs		16,821	16,821	46,220
Printing, postage and stationery		4,166	4,166	3,859
Governance costs (note 9)		14,109	14,109	14,965
Other support costs		43,471	43,471	30,583
	<u>184,477</u>	<u>1,035,617</u>	<u>1,220,094</u>	<u>1,100,805</u>
	<u>229,809</u>	<u>5,022,979</u>	<u>5,252,787</u>	<u>4,674,726</u>

8 OTHER EXPENDITURE

	Unrestricted Funds £	Restricted Funds £	31.08.21 Total Funds £	31.08.20 Total Funds £
3G Expenditure	41,882	-	41,882	34,916
Educational materials			-	-
Exam fees			-	-
	<u>41,882</u>	<u>-</u>	<u>41,882</u>	<u>34,916</u>

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

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

9 GOVERNANCE COSTS

	Unrestricted Funds £	Restricted Funds £	31.08.21 Total Funds £	31.08.20 Total Funds £
Auditor's remuneration				
Audit of financial statements		8,750	8,750	6,450
Non audit services		3,235	3,235	6,115
Governor training and meeting costs		2,124	2,124	2,400
Other costs		-	-	-
	<u>-</u>	<u>14,109</u>	<u>14,109</u>	<u>14,965</u>

10 STAFF COSTS

a) Staff costs	31.08.21	31.08.20
Staff costs during the year were:	£	£
Wages and salaries	3,064,275	2,764,990
Social security costs	297,987	270,236
Pension costs	798,826	699,475
	<u>4,161,088</u>	<u>3,734,701</u>
Supply teacher costs	31,209	23,366
Staff restructuring costs	-	-
	<u>4,192,297</u>	<u>3,758,067</u>

b) Non-statutory/non contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2020: £nil).

c) Staff numbers

The average number of persons (including senior management team) employed by the Academy Trust during the year expressed as head count and full time equivalents was as follows:

Charitable activities	31.08.21		31.08.20	
	Head count	FTE	Head count	FTE
Teachers and educational support	64	54	55	50
Administration and support	47	28	47	28
Management	7	6	7	7
	<u>118</u>	<u>89</u>	<u>109</u>	<u>86</u>

**CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

10 STAFF COSTS - continued

d) Higher paid staff

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

	31.08.21	31.08.20
£60,001 - £70,000	1	1
£80,001 - £90,000	0	0
£90,001 - £100,000	1	1
£130,001 - £140,000	1	1

e) 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) received by key management personnel for their services to the Academy Trust was £813,139 (2020: £831,197).

11 RELATED PARTY TRANSACTIONS - TRUSTEE'S REMUNERATION AND EXPENSES

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

	2021	2020
	£	£
M Wright		
Remuneration	135,001 – 140,000	135,001 – 140,000
Pension contributions paid	20,001 - 25,000	20,001 - 25,000
M Cater (Resigned 2019/20)		
Remuneration	5,000 - 10,000	95,001 - 100,000
Pension contributions paid	0 - 5,000	20,001 - 25,000
P Bridgman (Resigned 2019/20)		
Remuneration	0 - 5,000	40,001 - 45,000
Pension contributions paid	0 - 5,000	10,001 - 15,000
J Smith (Resigned 2019/20)		
Remuneration	0 - 5,000	45,001 – 50,000
Pension contributions paid	0 - 5,000	10,001 - £15,000

Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees. During the year ended 31 August 2021, travel and subsistence expenses totalling £0 (2020: £599) were reimbursed to trustees.

Other related party transactions involving the trustees are set out in note 30.

11 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.

**CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

12 COMPARATIVE PERIOD STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted Funds £	Restated Restricted Amended Funds £	Restricted Fixed Asset Funds £	31.08.20 Amended Total Funds £
Income and endowments from:					
Donation and capital grants	2	1,237		276,925	278,162
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	182,203	4,297,299	-	4,479,502
Amendment to funding					0
Other trading activities	4	68,844			68,844
Investments	5	2,471			2,471
Total Income		254,756	4,297,299	276,925	4,828,980
Expenditure on:					
Raising funds	6				
<i>Charitable activities:</i>					
Academy Trust educational operations	7	213,557	4,281,026	180,143	4,674,726
Other	8	34,916			34,916
Total expenditure	6	248,473	4,281,026	180,143	4,709,642
Net Income / (expenditure)		6,283	16,273	96,782	119,338
Transfer between funds	21	(12,000)	(12,442)	24,442	
Net Income / (expenditure) for the year before other recognised gains and losses		(5,717)	3,831	121,224	119,338
Other recognised (losses) / gains:					
Actuarial (losses) on defined benefit pension schemes	21 & 25		(70,000)		(70,000)
Net movement in funds		(5,717)	(66,169)	121,224	49,338
Reconciliation of funds					
Total funds brought forward		86,438	(1,248,000)	11,185,807	10,024,245
Total funds carried forward		80,721	(1,314,169)	11,307,031	10,073,583

CHARACTER EDUCATION TRUST (FORMALLY DIVERGENT PARTNERSHIP TRUST)
(A COMPANY LIMITED BY GUARANTEE)

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

13 TANGIBLE FIXED ASSETS

	Freehold Property £	Assets Under Construction £	Motor Vehicles £
COST			
At 01 September 2020	10,177,350	1,742,895	11,916
Additions	291,191	135,299	-
Transfers	1,812,345	(1,812,345)	-
Disposals			
At 31 August 2021	<u>12,280,886</u>	<u>65,849</u>	<u>11,916</u>
DEPRECIATION			
At 01 September 2020	1,195,106	-	8,084
Charge for year	205,618	-	958
Eliminated on disposal			
At 31 August 2021	<u>1,400,724</u>	<u>-</u>	<u>9,042</u>
NET BOOK VALUE			
At 31 August 2021	<u>10,880,162</u>	<u>65,849</u>	<u>2,874</u>
At 31 August 2020	<u>8,982,244</u>	<u>1,742,895</u>	<u>3,832</u>

	Fixtures & fittings £	Computer equipment £	Total £
COST			
At 01 September 2020	122,254	282,550	12,336,965
Additions	47,805	6,276	480,571
Disposals			-
At 31 August 2021	<u>170,059</u>	<u>288,826</u>	<u>12,817,536</u>
DEPRECIATION			
At 01 September 2020	51,633	271,649	1,526,473
Charge for year	11,843	7,941	226,360
Eliminated on disposal			-
At 31 August 2021	<u>63,476</u>	<u>279,590</u>	<u>1,752,833</u>
NET BOOK VALUE			
At 31 August 2021	<u>106,584</u>	<u>9,236</u>	<u>11,064,704</u>
At 31 August 2020	70,621	10,900	10,810,594

14 DEBTORS

	31.08.21	31.08.20
	£	£
Trade debtors	2,349	6,030
VAT	100,173	74,205
Prepayments and accrued income	303,913	416,336
Other debtors		
	<u>406,435</u>	<u>496,571</u>

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15 CREDITORS: AMOUNTS FALLING DUE WITHING ONE YEAR

	31.08.21	31.08.20
	£	£
Other loans	11,046	3,952
Trade creditors	52,174	46,873
Other taxation, social security and pensions	156,192	134,276
Other creditors	5,091	13,446
Accruals and deferred income (deferred income - note 16)	124,594	81,369
	<u>349,097</u>	<u>279,916</u>

16 DEFERRED INCOME

	31.08.21	31.08.20
	£	£
Deferred income at 1 September 2020	70,369	39,429
Resources deferred in the year	44,481	51,622
Amounts released from previous years	(11,999)	(20,682)
	<u>102,851</u>	<u>70,369</u>

At the balance sheet date the Academy Trust was holding funds as follows:

	31.08.21	31.08.20
	£	£
Catering income	6,581	5,052
Charity income	1,556	4,010
School trips	10,302	6,221
Wrotham walk	12,128	16,309
Alternative provision	71,284	38,777
Grant funding	1,000	-
	<u>102,850</u>	<u>70,369</u>

17 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	31.08.21	31.08.20
	£	£
Other loans	<u>22,802</u>	<u>10,000</u>
	<u>22,802</u>	<u>10,000</u>
Included within the above are amounts falling due as follows:	31.08.21	31.08.20
	£	£
Between one and two years		
Other loans	11,046	1,429
Between two and five years	11,756	8,571
Other loans	<u>22,802</u>	<u>10,000</u>

A loan of £27,663 was awarded from Salix in 2014 and £23,848 in 2021. The loan are repayable over 7 years and are interest free. The annual repayments are £3,954. A Loan of £10,000 was awarded from Salix in 2020. The loan is repayable over 7 years and is interest free. The annual repayments are £11,046.

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18 FUNDS

	Restated Balance at 01-Sep 2020	Incoming Resources	Resources Expended	Gains, losses and transfers	Balance at 31-Aug 2021
	£	£	£	£	£
Restricted fixed asset funds					
Assets held for depreciation	10,810,494	-	(226,358)	480,569	11,064,704
Capital funding	406,461	587,472	(4,049)	(425,708)	564,176
Sinking fund	104,028	-	-	(22,965)	81,063
Salix loan	(13,952)	-	-	(19,896)	(33,848)
	<u>11,307,031</u>	<u>587,472</u>	<u>(230,407)</u>	<u>12,000</u>	<u>11,676,096</u>
Restricted general funds					
General Annual Grant (GAG)	142,831	4,221,326	(4,074,279)	-	289,878
Pension Reserve	(1,457,000)	-	(173,000)	(92,000)	(1,722,000)
Other DfES / ESFA grants		204,004	(204,004)	-	-
Teachers Pension Grant		170,227	(170,227)	-	-
Other grant income		52,444	(52,444)	-	-
Other income		118,617	(118,617)	-	-
	<u>(1,314,169)</u>	<u>4,766,618</u>	<u>(4,792,571)</u>	<u>(92,000)</u>	<u>(1,432,122)</u>
Total restricted funds	<u>9,992,862</u>	<u>5,354,090</u>	<u>(5,022,978)</u>	<u>(80,000)</u>	<u>10,243,974</u>
Unrestricted funds					
Unrestricted funds	80,721	274,188.00	(271,691)	(12,000)	71,218
Total unrestricted funds	<u>80,721</u>	<u>-</u>	<u>(271,691)</u>	<u>(12,000)</u>	<u>71,218</u>
Total funds	<u>10,073,583</u>	<u>5,354,090</u>	<u>(5,294,669)</u>	<u>(92,000)</u>	<u>10,315,192</u>

The specific purposes for which the 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 that it could carry forward at 31 August 2020.

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.

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18 FUNDS - continued

Unrestricted funds

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

Transfers between trusts

During the year the Academy Trust received capital funding which was spent on renovating site security with a fence to separate the one way driving system from the playground. The 3G pitch also had renovation work for pitch repairs and new lighting. Other transfers were made to move the surplus on the 3G pitch lettings to a sinking fund for replacement pitch, repayment of the Salix loan and to move the excess of expenditure on the restricted general funds to unrestricted funds.

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

	Balance at 01-Sep 2019	As restated Incoming Resources	Resources Expended	Gains, losses and transfers	As Restated Balance at 31-Aug 2020
	£	£	£	£	£
Restricted fixed asset funds					
Assets held for depreciation	9,519,568		(180,143)	1,471,069	10,810,494
Capital funding	1,582,115	276,925		(1,452,579)	406,461
Sinking fund	92,028			12,000	104,028
Salix loan	(7,904)			(6,048)	(13,952)
	<u>11,185,807</u>	<u>276,925</u>	<u>(180,143)</u>	<u>24,442</u>	<u>11,307,031</u>
Restricted general funds					
General Annual Grant (GAG)		3,173,045	(3,017,772)	(12,442)	142,831
Pension Reserve	(1,248,000)		(139,000)	(70,000)	(1,457,000)
Other DFES / ESFA grants		955,601	(955,601)		
Other grant income		168,653	(168,653)		
Other income					
	<u>(1,248,000)</u>	<u>4,297,299</u>	<u>(4,281,026)</u>	<u>(82,442)</u>	<u>(1,314,169)</u>
Total restricted funds	<u>9,937,807</u>	<u>4,574,224</u>	<u>(4,461,169)</u>	<u>(58,000)</u>	<u>9,992,862</u>
Unrestricted funds					
Unrestricted funds	<u>86,438</u>	<u>254,756</u>	<u>(248,473)</u>	<u>(12,000)</u>	<u>80,721</u>
Total unrestricted funds	<u>86,438</u>	<u>254,756</u>	<u>(248,473)</u>	<u>(12,000)</u>	<u>80,721</u>
Total funds	<u>10,024,245</u>	<u>4,828,980</u>	<u>(4,709,642)</u>	<u>(70,000)</u>	<u>10,073,583</u>

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19 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted General Funds	Restricted Fixed asset Funds	Total
	£	£	£	£
Tangible fixed assets			11,064,705	11,064,705
Current Assets	173,068	526,079	645,239	1,344,386
Current Liabilities	(101,850)	(236,201)	(11,046)	(349,097)
Creditors due more than 1 year			(22,802)	(22,802)
Pension scheme liability		(1,722,000)		(1,722,000)
	<u>71,218</u>	<u>(1,432,122)</u>	<u>11,676,096</u>	<u>10,315,192</u>

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

	Unrestricted Funds	Restricted General Funds	As Restated Restricted Fixed asset Funds	Total
	£	£	£	£
Tangible fixed assets			10,810,494	10,810,494
Current Assets	151,090	348,427	545,250	1,044,767
Current Liabilities	(70,369)	(205,596)	(3,952)	(279,917)
Creditors due more than 1 year			(44,761)	(44,761)
Pension scheme liability		(1,457,000)		(1,457,000)
	<u>80,721</u>	<u>(1,314,169)</u>	<u>11,307,031</u>	<u>10,073,583</u>

20 CAPITAL COMMITMENTS

	31.08.21	31.08.20
	£	£
Contracted but not provided for in the financial statements	<u>230,579</u>	<u>360,013</u>

21 OPERATING LEASE COMMITMENTS

At 31 August 2021 the total of the Academy Trusts future minimum lease payments under non - cancellable operating leases were:

	31.08.21	31.08.20
	£	£
Amounts payable:		
Within one year	<u>9,379</u>	<u>9,379</u>
Between 1 and 5 years	<u>2,310</u>	<u>11,689</u>
	<u>11,689</u>	<u>21,068</u>

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

	31.08.21 £	31.08.20 £
Net income / (expenditure) for the period (as per the Statement of Financial Activities)	333,609	154,099
Adjusted for:		
Depreciation charges (note 13)	226,360	180,142
Capital grants from DfE/ESFA and other capital income (note 2)	(583,422)	(311,686)
Interest receivable	(7)	(2,471)
Defined benefit pension scheme costs less contributions payable (note 29)	151,000	117,000
Defined benefit pension scheme costs (note 29)	22,000	22,000
(Increase)/ Decrease in debtors	90,136	(58,138)
Increase/ (Decrease) in creditors	62,086	59,587
	<u>301,762</u>	<u>160,533</u>
Net cash (Used in) / provided by operating activities		

23 CASH FLOWS FROM INVESTING ACTIVITIES

	31.08.21 £	31.08.20 £
Dividends, interest and rents from investments	6	2,471
Proceeds from sale of tangible fixed asset	-	797
Purchase of tangible fixed assets	(480,571)	(1,471,865)
Capital grants from DfE/ESFA (note 2)	583,422	311,686
	<u>102,857</u>	<u>- 1,156,910</u>
Net cash provided by / (used in) financing activities		

24 CASH FLOWS FROM FINANCING ACTIVITIES

	31.08.21 £	31.08.20 £
Repayments of borrowings	(3,952)	(3,952)
Cash Inflows from new borrowing	23,848	10,000
	<u>19,896</u>	<u>6,048</u>
Net cash provided by / (used in) investing activities		

25 ANALYSIS OF CASH AND CASH EQUIVALENTS

	31.08.21 £	31.08.20 £
Cash in hand and at bank	937,951	513,435
Notice deposits (less than 3 months)	-	-
	<u>937,951</u>	<u>513,435</u>
Total cash and cash equivalents		

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26 MEMBERS LIABILITY

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

27 PENSION AND SIMILAR OBLIGATIONS

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

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

Contributions amounting to £75,753 (2020: £65,821) were payable to the schemes at 31 August 2020 and are included within creditors.

Teacher's Pension Scheme

Introduction

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

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

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

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million

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27 PENSION AND SIMILAR OBLIGATIONS - continued

- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to TPS in the period amounted to £389,113 (2020: £389,113). Under the definitions set out in Financial Reporting Standard (FRS 102) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £139,000 (2020: £139,000), of which employer's contributions totalled £108,000 (2020: £108,000) and employee's contributions totalled £31,000 (2020: £31,000).

The agreed contribution rates for future years are 20 percent 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 academy closure, outstanding Local Government Pension Scheme Liabilities would be met by the Department of Education. The guarantee came in to force on 18 July 2013.

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	31.08.21	31.08.20
Discount rate for scheme liabilities	1.65%	1.60%
Rate of increase in salaries	3.90%	3.30%
Rate of increase in pensions	2.90%	2.30%
Commutation of pension to lump sums	50%	50.00%
Inflation assumptions (CPI)	2.90%	2.30%

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

	31.08.21	31.08.20
Retiring today		
Males	21.9	21.8
Females	23.8	23.8
Retiring in 20 years		
Males	23.3	23.2
Females	25.3	25.2

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27 PENSION AND SIMILAR OBLIGATIONS - continued

Sensitivity analysis	31.08.21	31.08.20
Change in assumptions (impact of PV of total obligation):		
0.1% increase in real discount rate	3,951,000	3,313,000
0.1% decrease in real discount rate	4,117,000	3,452,000
1 year increase in member life expectancy	4,197,000	3,512,000
1 year decrease in member life expectancy	3,857,000	3,257,000
0.1% increase in the pension increase rate	4,112,000	3,448,000
0.1% increase in the pension decrease rate	3,956,000	3,317,000

Local Government Pension Scheme - continued

The Academy Trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2021 £	Fair value at 31 August 2020 £
Equities	1,512,000	1,246,000
Gilts	13,000	13,000
Other bonds	321,000	249,000
Property	238,000	211,000
Cash/liquidity	66,000	59,000
Absolute return fund	<u>161,000</u>	<u>147,000</u>
Total market value of assets	2,311,000	1,925,000
Present value of scheme liabilities - Funded	<u>(4,033,000)</u>	<u>(3,382,000)</u>
Deficit in the scheme	<u>(1,722,000)</u>	<u>(1,457,000)</u>

The actual return of scheme assets was £283,000 (2020: £133,000).

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

	31.08.21	31.08.20
Current service cost (net of employee contributions)	(265,000)	(224,000)
Net interest cost	(22,000)	(22,000)
Administration expenses	<u>(1,000)</u>	<u>(1,000)</u>
Total operating charge	<u>(288,000)</u>	<u>(247,000)</u>
Actual return on scheme assets	<u>133,000</u>	<u>133,000</u>

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27 PENSION AND SIMILAR OBLIGATIONS - continued

Local Government Pension Scheme - continued

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

	31.08.21	31.08.20
	£	£
Opening defined benefit obligation	3,382,000	2,990,000
Current service cost	265,000	224,000
Employee contributions	33,000	31,000
Interest cost	54,000	55,000
Change in financial assumptions	408,000	189,000
Benefits paid net of transfers in	(44,000)	(52,000)
Change in demographic assumptions	-	(67,000)
Experience Loss on defined benefit obligation	(65,000)	12,000
	<u>4,033,000</u>	<u>3,382,000</u>

Movements in the fair value of the Academy Trust's share of scheme assets were as follows:

	31.08.21	31.08.20
	£	£
Opening defined benefit obligation	1,925,000	1,742,000
Employer contributions	115,000	108,000
Employee contributions	33,000	31,000
Interest on pension liabilities	32,000	33,000
Administration expenses	(1,000)	(1,000)
Returns on assets less interest	251,000	100,000
Benefits paid net of transfers in	(44,000)	(52,000)
Other actuarial gains and losses	-	(36,000)
	<u>2,311,000</u>	<u>1,925,000</u>

The estimated value of employer contributions for the year to 31 August 2021 is £122,000.

28 RELATED PARTY TRANSACTIONS

Owing to the nature of the Academy Trust and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the Academy Trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Aylesford School is a related party by virtue of its partnership agreement with Kent County Council to take on the leadership of that school. During the year the Academy Trust sold and purchased goods and services to Aylesford School at arms' length in the normal course of operations. During the year ended 31 August 2021, the income charged to Aylesford School was £55,654 (2020: £115,461).

During the year the school employed the wife of Mr M Cater, Head teacher for additional tuition support. The total salary paid during the year was £1,800.

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29 AGENCY ARRANGEMENTS

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2021 the trust received £10,592 (2020: £14,122) and disbursed £14,854 (2020: £17,224) from the fund. An amount of £5,091 (2020: £9,353) is included in trade creditors relating to undistributed funds that are repayable to ESFA.

30 CONTINGENT LIABILITY NOTE

The trust may have a contingent liability in respect of term time annual leave calculation. During the year, certain trade unions began looking at potentially making claims against Kent based education employers regarding the calculation of term time only workers' annual leave. This has arisen across the LA as a whole and is not unique to this trust. The ultimate liability, if any, cannot be determined with any certainty and arises in respect of calculations of full time equivalent hours of a small number of staff. It is possible that in the event of any claim the trust will be reimbursed for some or all of any liability arising. For these reasons, the trustees do not believe any liability should be included in the accounts for the year ended 31 August 2021.

31 PRIOR YEAR ADJUSTMENT

The trust identified that the capital grant for a CIF project for the sports hall and boiler projectors were overstated by the value of the CIF loans.

	As Previously Stated	Prior Period Adjustment for Loan Reclassification	As Restated
	£	£	£
Profit and Loss Account 2020			
<u>Income</u>			
Donations and capital grants			
Charitable activities:	312,923	(34,761)	278,162
Funding for the Academy Trust's educational operations	4,479,502	-	4,479,502
Other trading activities	68,844	-	68,844
Investments	<u>2,472</u>	<u>-</u>	<u>2,472</u>
Total	4,863,741	(34,761)	4,828,980
<u>Expenditure</u>			
Charitable activities:			
Academy Trust's education operations	4,674,726	-	4,674,726
Other	<u>34,916</u>	<u>-</u>	<u>34,916</u>
Total	4,709,642	-	4,709,642
Actuarial Gain /(Losses) on deficit pension provision schemes	<u>(70,000)</u>	<u>-</u>	<u>(70,000)</u>
Net Movement in funds	<u>84,099</u>	<u>(34,761)</u>	<u>49,338</u>
Total funds brought forward	10,024,245	-	10,024,245
Total funds carried forward	<u><u>10,108,344</u></u>	<u><u>(34,761)</u></u>	<u><u>10,073,583</u></u>

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31 PRIOR YEAR ADJUSTMENT - Continued

The trust identified that the capital grant for a CIF project for the sports hall and boiler projectors were overstated by the value of the CIF loans.

	As Previously Stated £	Prior Period Adjustment for Loan Reclassification £	As Restated £
Balance Sheet 2020			
Tangible Assets	10,810,494	-	10,810,494
Debtors	531,332	(34,761)	496,571
Cash at bank and in hand	513,435	-	513,435
Creditors: amounts falling due within one year	(279,917)	-	(279,917)
Creditors: amounts falling due after more than one year	(10,000)	-	(10,000)
Defined benefit pension	(1,457,000)	-	(1,457,000)
Total Net Assets	<u>10,108,344</u>	<u>(34,761)</u>	<u>10,073,583</u>
<u>Restricted funds</u>			
Fixed asset fund	11,341,792	(34,761)	11,307,031
General funds	142,831	-	142,831
Pension reserve	<u>(1,457,000)</u>	<u>-</u>	<u>(1,457,000)</u>
Total Restricted funds	10,027,623	(34,761)	9,992,862
<u>Unrestricted funds</u>			
General funds	<u>80,721</u>	<u>-</u>	<u>80,721</u>
Total Unrestricted funds	80,721	-	80,721
Total Funds	<u>10,108,344</u>	<u>(34,761)</u>	<u>10,073,583</u>