

**Red Kite Learning Trust**  
**(A company limited by guarantee)**

**ANNUAL REPORT AND FINANCIAL  
STATEMENTS**

**for the year ended  
31 August 2020**

**Company Registration No. 07523507**

**Red Kite Learning Trust**  
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**Red Kite Learning Trust**  
**REFERENCE AND ADMINISTRATIVE DETAILS**

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Members	Mrs S Dodson (Chair) Mr A Thornley Mr P Hall-Jones Mr B Stott (resigned 21 October 2020) Professor A Deignan Mr J McHugh (appointed 21 <sup>st</sup> October 2020)
Trustees	Mr J McHugh (Chair) (resigned 1 October 2020) Mr C Tulley (Chair from 1 October 2020) Mrs J Sorrell Mrs T Brooke Dr T Stowell Mr D Hurcomb (resigned 17 July 2020) Mr K Paynes Mrs M Moyles Mr B Wood (appointed 11 December 2019) Mr B Cole (appointed 11 December 2019, resigned 8 September 2020) Mr J Topping (appointed 3 October 2020)
Executive Group	
Chief Executive Officer	Mr R Sheriff
Headteacher Harrogate Grammar School	Mr N Renton
Headteacher Oatlands Junior School	Mrs E Scarth
Headteacher Western Primary School	Mr M Shillito (resigned 1 July 2020) Mr T Broad (appointed 2 July 2020)
Headteacher Rossett Acre Primary School	Mrs C Penhale
Headteacher Crawshaw Academy	Mr A Daly
Headteacher Coppice Valley Primary School	Mrs E Meadus
Headteacher Austhorpe Primary School	Miss A Lightfoot
Headteacher Colton Primary School	Mrs C Johnson
Headteacher Meadowfield Primary School	Mrs H Stout
Headteacher Templenewsam Halton Primary School	Mrs K Patel (resigned 31 August 2020) Mrs L Seton (appointed 1 September 2020)
Co-Principal Temple Learning Academy	Mr M Browne (resigned 31 August 2020)
Co-Principal Temple Learning Academy	Mr R Hadfield
Principal Temple Moor High School	Mr M West
Executive Headteacher Whitkirk Primary School	Mrs M Kouni (resigned 4 March 2020) Mrs H Stout (appointed 5 March 2020)
Chief Financial Officer	Mr S Howell
Director of Human Resources	Mrs J Wellacott
Director of Operations	Mr D Noble
Director of School Improvement	Ms A Thornton-Jones
Audit Committee	Mrs L Devenny Mrs J Sorrell Mr D Hurcomb (resigned 15 July 2020) Mr J Topping
Company Secretary	Mr S Howell

**Red Kite Learning Trust**  
**REFERENCE AND ADMINISTRATIVE DETAILS (continued)**

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Principal and Registered Office	Arthurs Avenue Harrogate HG2 0DZ
Company Registration Number	07523507 (England and Wales)
Independent Auditor	Murray Harcourt Limited 6 Queen Street Leeds LS1 2TW
Bankers	Lloyds TSB 8-11 Cambridge Crescent Harrogate HG1 1PQ
Solicitors	Stone King LLP 1 Park Row Leeds LS1 5HN

## Red Kite Learning Trust TRUSTEES' REPORT

The Trustees present their annual report together with the financial statements and auditor's report of Red Kite Learning Trust ("the Trust") for the period from 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

Red Kite Learning Trust comprises the following schools:

SCHOOL	DATE OF JOINING	AGE RANGE	PUPIL NUMBERS (OCT 2019)	CURRENT OFSTED GRADE	DATE OF LAST INSPECTION
Austhorpe Primary	Sep 2018	4-11	209	Good	26.01.2016
Colton Primary	Nov 2018	3-11	250	Outstanding	26.09.2012
Coppice Valley Primary	Aug 2017	4-11	180	Good	25.03.2015
Crawshaw Academy	Mar 2017	11-19	1,039	Good	03.07.2019
Harrogate Grammar	Mar 2011	11-19	2,016	Outstanding	10.10.2007
Meadowfield Primary	Nov 2018	3-11	470	Good	16.11.2017
Oatlands Junior	Aug 2015	8-11	303	Good	24.04.2018
Rossett Acre Primary	Nov 2016	4-11	408	Good	11.06.2019
Templenewsam Halton Primary	Nov 2018	3-11	485	Good	02.03.2017
Temple Moor High School	Nov 2018	11-19	1,300	Good	30.03.2017
Temple Learning Academy	Sep 2018	4-16	792	Good	24.04.2018
Western Primary	Aug 2015	2-11	415	Outstanding	05.06.2018
Whitkirk Primary	Nov 2018	4-11	367	Requires Improvement	03.05.2017

### STRUCTURE, GOVERNANCE AND MANAGEMENT

#### Constitution

The Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Trust.

The Trustees of Red Kite Learning Trust are also the Directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Red Kite Learning Trust.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 1.

#### Members' liability

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

#### Trustees' Indemnities

Details of Trustees' indemnities during the period are provided in note 10 to the financial statements. The Trust has opted into the Department for Education's Risk Protection Arrangement (RPA). Under this arrangement, the Trustees are indemnified up to a liability of £10m.

#### Principal activities

The principal object and activity of the charitable company is the operation of Red Kite Learning Trust to advance, for the public benefit, education for students of different abilities between the ages of 2 and 19.

## **Red Kite Learning Trust**

### **TRUSTEES' REPORT (continued)**

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#### **Method of recruitment and appointment or election of trustees**

The Trust, on identifying a need to recruit an additional or replacement Trustee, identifies key skill areas that the Trust believes are important to have on the Board to ensure effective governance. Trustees will then consider offers of service received from within and beyond the school community and the Trust may choose to advertise locally through the school websites and other media channels. Selection will be by interview with the Chair and Chief Executive Officer before the candidate is presented to the Trust for their consideration and a vote on whether to accept them as a Trustee. Before confirming selection, all Trustees will be required to undertake an Enhanced Disclosure via the DBS (Disclosure Barring Service).

#### **Policies and procedures adopted for the induction and training of trustees**

Trustees are offered induction training on joining the Trust from the school informed by the National Governance Association and the Yorkshire Leadership Community. Governors will be encouraged to access training as and when necessary and a record duly kept of such training being accessed. The costs of such training will be reimbursed by the Trust.

#### **Organisational structure**

The members of the Trust have a wholly strategic view of the Trust, setting out the vision and values and ensuring they are delivered.

The Trustees ensure the Trust delivers on its aims and provide support and challenge to the central Trust team as well as holding individual schools to account when required. They have a key oversight role as well as being involved in the management and delivery of shared services. They are responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust using budgets and making major decisions about the direction of the Trust, capital expenditure and senior staff appointments.

Each academy in the Trust has a Local Governing Body (LGB). The LGBs are focussed on the interests of the individual academy and include parental and staff representatives.

The Executive Group consists of the Chief Executive Officer, Chief Financial Officer, Director of Human Resources, Director of Operations, the School Improvement Directors and Headteachers from the academies operated by the Trust. The Chief Executive Officer is the Multi-Academy Trust's Accounting Officer. These managers control the Trust at an executive level implementing the policies laid down by the Trustees and reporting back to them. The Executive Group is responsible for the authorisation of spending within agreed budgets and the appointment of staff. Some spending control is devolved to members of the Extended Leadership Team, with limits above which an Executive Group member must countersign.

The Extended Leadership Team includes the Executive Group, Assistant and Deputy Headteachers, the Faculty leaders and the Pastoral leaders. These managers are responsible for the day-to-day operation of the Trust, organising the teaching staff, facilities, pupils and students.

#### **Arrangements for setting pay and remuneration of key management personnel**

Key Management Personnel for the Trust is defined as Trustees and the Executive Group. Trustees do not receive remuneration for their role as Trustees.

The Key Management Personnel are subject to annual performance review which is carried out in accordance with good practice for headteachers and other senior staff annual performance review. Any adjustments to their pay and remuneration and the performance management process is reviewed by a specific pay review committee at Local Governing Body level and at Trust Level through the Pay & Performance Review Committee. The Trust committee ensures a robust and transparent performance management process, including an assessment of individual performance and setting of benchmarked salary levels where appropriate.

**Red Kite Learning Trust**  
**TRUSTEES' REPORT (continued)**

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**Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union officials during the relevant period	Full-time employee number
2	0.9

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	-
1%-50%	-
51%-99%	-
100%	2

**Percentage of pay bill spent on facility time**

Total cost of facility time	£40k
Total pay bill	£39,671K
% of total pay bill spent on facility time	0.10

**Paid trade union activities**

Time spent on paid trade union activities as a % of total paid facilities time	100%
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**Related Parties and other Connected Charities and Organisations**

The Trust has two subsidiary undertakings, HGS Ventures Limited and Red Kite Alliance Limited, and indirectly holds an investment interest in one undertaking. The Trustees consider the results of HGS Ventures Limited to be in line with expectations during the current year. Red Kite Alliance Limited was dormant during the year and was dissolved on 17 November 2020.

**OBJECTIVES AND ACTIVITIES**

**Objects and aims**

The principal object and activity of the charitable company is the operation of the Red Kite Learning Trust to advance, for the public benefit, education for students of all abilities between the ages of 2 and 19. We aim to ensure that students will learn, achieve and develop as positive members of the school and wider community.

The aims and values of the Trust are:

- **Equality of Opportunity** for all young people and staff in our schools;
- **Collective Moral Purpose** through which we will help others and be professionally generous in all aspects of our work;
- **Integrity, Openness and Trust** that helps forge strong relationships between partners;
- **Fairness to Each Other** as partners and to our associates and the individuals we work with;
- **Transparency and Probity** particularly in financial matters and in accordance with the highest expectations of standards in public life (the Nolan principles);
- **Individual Autonomy** respecting the unique nature of each school and its place within its own community;
- **Support for Others** offering help to other schools/academies and young people beyond our own where we have capacity to do so;
- **Collaboration** including with local authorities, other education providers and charitable bodies, to promote the success, welfare and safety of our young people; and
- **Good Governance** which secures our aims and values within a robust accountability framework.

**Red Kite Learning Trust**  
**TRUSTEES' REPORT (continued)**

**Objectives, strategies and activities**

The Trust academies work together to improve the learning and achievement of all their young people. The Trust strives for excellence for all and the provision of world class opportunities for the young people in its schools. Its academies achieve this by continuously aiming for the best: improving, innovating and reflecting.

The Trust's strategic improvement priorities for 2020/21 cover the following areas and more detail is published in the individual School Development Plans:

1	<b>Closing the Gap</b> Ensure all schools are making effective use of additional funding and other available reserves to 'close the gap' for children who have missed education as a result of COVID-19	9	<b>HR Services</b> Providing HR services that support schools to deliver outstanding quality of education for young people within a Trust that is the 'employer of choice'
2	<b>Curriculum</b> Develop shared approaches to the curriculum which ensure that the quality of education in every school is outstanding	10	<b>Talent Management</b> Develop a Trust-wide approach to Leadership, Development, talent management and succession planning which utilises the existing capacity within the RKA combined with additional appointments afforded by our partnership
3	<b>School Improvement</b> Further develop and embed systems for improving and reporting on school performance and reporting in a meaningful way at Trust level	11	<b>IT Transformation</b> Utilise ICT at Trust and school level to increase efficiency, improve communication and collaboration as well as reduce workload and enable high quality teaching and learning
4	<b>Safeguarding</b> Ensuring that safeguarding children is central to the work of the Trust and endemic within the culture and practice of all our schools	12	<b>Facilities Management</b> Provide a Trust level Facilities Management service which builds on expertise and capacity within individual schools but realises significant financial, efficiency and quality improvement through shared provision and procurement
5	<b>Risk Management</b> All schools are safe places to work and learn as a result of robust and sustainable central Health, Safety and risk management systems	13	<b>Financial services</b> Providing outstanding financial services to schools and the Trust which are secure, transparent and compliant with all regulatory requirements whilst informing leadership decisions that secure best value
6	<b>SEND and Disadvantaged</b> Secure and further develop our capacity as a Trust to support our most vulnerable children and families by working powerfully together and with partners from Social Care, Health and other agencies	14	<b>Growth</b> Secure appropriate and sustainable growth in line with the Trust's aims and values.
7	<b>Post 16</b> Develop an appropriate, high quality, aspirational and sustainable Post-16 solution for Crawshaw and Temple Moor High School	15	<b>Resilience</b> Ensure that the Trust has robust business continuity, emergency planning and succession strategies in place.
8	<b>Governance</b> Ensure Governance is strong across the Trust and supports improvement through supporting and challenging leaders appropriately		

**Public benefit**

The Trustees confirm they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives.



## **STRATEGIC REPORT**

### **Our Vision:**

*Red Kite Learning Trust schools work together to improve the learning and achievement of all their young people. The Trust secures excellence for all, providing world class opportunities for the young people in its schools. Its schools achieve this by continuously striving for the best: improving, innovating and reflecting. The Trust aspires to the highest standards of academic achievement. It is also passionate that its young people develop values and inter-personal skills so that they can contribute positively to local and global communities. Excellence for all.*

**Mission for 2019-2020:** *Embedding systems, realising the potential of partnership.*

After a period of rapid growth, the focus has been on continuing to support our schools by ensuring the core systems are fully in place and that we are making the best of the opportunities to share capacity and expertise across the Trust. Since March 2020 however, we have had to adapt rapidly to face the challenges that the COVID pandemic has brought. This has been a uniquely challenging time for all our schools and for the Trust central teams. We have had to move rapidly to ensure business continuity in our finance, payroll and HR services whilst also putting in place systems and procedures to ensure our schools have been able to operate safely within the government guidance. A positive outcome of the dreadful pandemic has been the significant strengthening in our partnership and the growing inter-dependence and mutuality that we have been able to foster. School leaders have worked ever more closely together and they and their governing bodies have seen the benefits of being part of a Trust in very significant ways. Not least of these is the support that has been provided from our Facilities Manager and Director of Operations in advising and supporting schools on risk assessments and responses to COVID cases.

We were able to provide a continuous service for vulnerable and key workers children throughout the initial lockdown and our schools reopened as soon as they were permitted to do so under the guidance.

We have successfully navigated the financial challenges arising from COVID and have utilised appropriately the Coronavirus Job Retention Scheme and the exceptional government funding to protect the Trust from financial loss as a result of the pandemic.

As a result of the virus, assessments for KS2 pupils were cancelled, as were GCSE and A level examinations. Although pupils did receive a grade from the examination board, eventually this was entirely based on the Centre Assessed Grade (CAG) at both GCSE and A level. This means the grades in 2020 cannot be compared with previous years and will not be used by the DfE or Ofsted as accountability measures. Our secondary schools all took a rigorous, ethical approach to the awarding of CAGs and although the results were generally at the higher end of our predictions, pre-COVID, they were realistic for the cohorts. The approach to the examinations means that as a Trust we do not have the usual set of data to share with Trustees and quality assurance visits are problematic due to restrictions in place in all schools.

Quality assurance has continued internally where possible in schools, led by local governing bodies and Headteachers, and the Trust Director of Primary Education and CEO have ensured schools are still being held to account for the quality of provision. What schools are able to offer however is markedly different to their offer pre-COVID.

During the months when schools were either closed, or at least partially closed, schools moved to providing remote learning. The Trust's role has been to encourage, support and enable all schools to be able to provide a good quality remote learning offer to all children. This has required different approaches based on the age group, technology available and available support at home. We have rapidly developed the use of MS Teams operating on our new network infrastructure to support this work.

The response from parents to how our schools have operated over the last year, including the lockdown period, has been overwhelmingly positive. The willingness of staff to 'go the extra mile' to make it possible has been outstanding.

## **Red Kite Learning Trust**

### **TRUSTEES' REPORT (continued)**

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Trustees have had their attention focused on three schools this year:

#### **Temple Learning Academy (TLA)**

As a 'new' all through Free School serving one of the most socially disadvantaged areas of the city of Leeds, TLA has always required additional attention from the Trust. Although the school has made good progress in the primary phase, the Trust has brought in the Principal of Temple Moor High School as Executive Headteacher to be responsible for both schools. This allows a shared KS3/4 curriculum to be developed using the capacity of both schools. This change was prompted by the resignation, on ill-health grounds, of one of the TLA Co-Principals but is part of a wider plan to reinforce the support for TLA.

#### **Whitkirk Primary School**

This is our only Ofsted-rated Requires Improvement school and we are therefore able to give our efforts there real focus. The departure of the previous Headteacher in January resulted in us promoting an experienced and highly effective Headteacher from within the Trust to be an Executive Headteacher leading school improvement efforts at the school. The LGB was also asked to step down and an Interim Executive Board put in place to provide oversight. With the support of the Trust Director of Primary Education this has resulted in rapid improvements to the school which is now almost full in Reception. We are confident that when we get back to 'normal' the school will be ready to move to 'Good' and start working towards 'Outstanding'.

#### **Crawshaw Academy**

The school had a positive Ofsted inspection in 2019 but was still saddled with a large deficit position accrued due to the period in Ofsted-rated Special Measures with another sponsor. This burden has been hard, but the Trust has stood by the school and continued to invest in order to see longer-term improvement and sustainability. This is now being seen with full year groups lower down the school replacing the small year groups further up the school.

We have recognised that providing high quality post-16 education is not financially viable and plans are developing well with local partners to create a Sixth Form College that will accommodate pupils from three local secondary schools.

We were very pleased to see the school manage to finish the year with a significant in-year surplus that has significantly reduced the cumulative deficit position.

We are delighted that during this traumatic and difficult year we have still managed to deliver on several key projects that will support our current schools and put us in a strong position to expand in the future. The key projects are:

**Core HR implementation:** A centralised payroll and HR management software solution that will bring significant operational and efficiency benefits.

**IT Transformation Project:** The creation of a Trust-wide network infrastructure that improves access, resilience and communications across our schools. The system also gives us the ability to further develop the use of technology to support learning both in school and remotely.

#### **PS Financials:**

We have been able to embed and improve the use of our finance system so it is more efficient and better supports our work across the Trust.

In addition, our Team has successfully procured, managed and delivered over £1million of capital projects over the final four months of our financial year and they are currently rolling out our new Risk Management system.

## **Red Kite Learning Trust**

### **TRUSTEES' REPORT (continued)**

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#### **Governance**

Our long serving Chair stepped down from being a Trustee this summer after many years as a governor and Trustee. The new Chair has a long and successful career as a senior lawyer and over twenty years as a governor, he brings real authority to the role. We have also welcomed another lawyer who specialises in education as a Trustee as well as an accountant with substantial corporate experience. Our recent skills audit showed a very positive view of the Board's capabilities that we will look to strengthen further in the months to come.

The governance of the Trust at Member, Trustee and LGB level is being well supported by additional capacity at the centre. This is allowing for the provision of a more consistent clerking service and the delivery of a programme of governor training.

#### **Growth**

The Trust is actively pursuing opportunities for further growth, with a particular focus on bringing in at least one additional secondary school. The additional scale can be easily accommodated with our strong, established systems and would allow us to do more for our schools.

#### **Going concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the 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.

#### **Trust engagement with employees**

Trustees' engagement with employees is primarily through established representation at national, regional and local levels. Unions and professional associations have worked particularly closely with senior leaders, on behalf of Trustees, throughout the Covid Pandemic with regular consultation and reporting on matters such as Health & Safety arrangements for the partial and then subsequent full reopening of schools. A wellbeing survey in May 2020 ensured detailed knowledge of individual needs, with an opportunity to give feedback and to raise questions and gain support through the HR team and/or via local union reps.

Through the CEO reporting routines, there is systematic opportunity for information sharing and challenge by Trustees. Larger schools also have school-based union representatives as well as other staff representation/consultative groups. Strategic performance and pay matters are considered by Trustees in light of nationally consulted negotiations; the most preferential terms are awarded where possible and decisions around aspects such as pay awards provided to staff as appropriate in line with the strategic aim of being the "Employer of Choice".

A decision not to ask staff to complete a separate Trust engagement survey was made given the exceptional circumstance of the pandemic and the wellbeing focused survey in May. Going forward, Trustees will benefit from more direct engagement through the newly implemented Core HR system, with pulse surveys, metrics and more direct methods of communication newly available.

A programme of harmonisation of policies and procedures has begun, with direct engagement from nominated Trustees to actively participate with the process which aims to improve terms and ensure parity/fairness for all colleagues.

#### **Promoting the success of the Trust - Trust engagement with customers, suppliers and others in a business relationship such as beneficiaries, funders and the wider community**

The Trust Board is focused on promoting the success of the Trust and ensuring the Trust remains successful and sustainable in the long term. Fundamental to this success is ensuring that employees are treated fairly and that we further cultivate our aim to be the "Employer of Choice", and that we encourage sound and enduring engagement and relationships with all stakeholders including pupils; parents; suppliers and customers and our wider communities. We strive for excellence in all aspects of our operations and value our emphasis on ethical leadership in line with the Trust values outlined above.

## **Red Kite Learning Trust**

### **TRUSTEES' REPORT (continued)**

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#### **FINANCIAL REVIEW**

Most of the 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 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year ended 31 August 2020, total recurrent expenditure (excluding restricted fixed asset funds and non-cash defined benefit pension scheme adjustments) of £46,349,000 (2019 - £40,818,000) was covered by recurrent grant funding from the ESFA together with other Incoming resources. The surplus of income over expenditure for the year (excluding restricted fixed asset funds, restricted pension reserves and amounts transferred in from schools joining the trust) was £1,159,000 (2019 - £129,000).

At 31 August 2020, the net book value of tangible fixed assets was £101,804,000 with movements being shown in note 12 to the financial statements. The assets were used for providing education and the associated support services to the students of the Trust.

#### **Reserves Policy**

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

The Trustees have determined that an appropriate level of free reserves should be maintained to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. Trustees aspire to a level of reserves that reflects between 4% and 8% of annual General Annual Grant (GAG) income. In the year ended 31 August 2020 this equated to a range of between £1,395,000 and £2,790,000, which the Trustees believe represents an appropriate target to achieve.

Unrestricted Funds held at 31 August 2020 were £1,883,000 (2019: £1,561,000) and Restricted General Funds (excluding Pension Reserve) were £306,000 (2019: £227,000). Therefore, a net surplus of £2,189,000 (2019: £1,788,000) is available to the Trust, of which £1,883,000 (2019: £1,561,000) constitute free reserves.

Trustees continue to seek opportunities to further bolster the Trust's reserves position during a period of tight financial funding for schools and regularly review financial reports and projections.

#### **Financial position**

The Multi-Academy Trust held fund balances at 31 August 2020 of £77,621,000 comprising £75,738,000 restricted funds and £1,883,000 of unrestricted general funds. Included amongst these numbers is a pension reserve deficit of £27,229,000.

#### **Investment policy**

The Trust has delegated authority to the Chief Financial Officer to utilise the term deposit arrangements with Lloyds TSB and Yorkshire Bank and the Charity Deposit account with Virgin Money in order that interest receipts are maximised in a low risk investment. During the year, term deposits were placed ranging from 32 days' notice to 1 year until maturity. Unless authorised by the Trust, term deposits will not exceed 24 months and the projected current account balance will not be allowed to fall below £250,000 at any point.

#### **Financial and risk management objectives and policies**

##### **Principal risks and uncertainties**

The Audit Committee undertakes a comprehensive review of the risks to which the Trust is exposed. They identify systems and procedures, including specific preventable actions which should mitigate any potential impact on the Trust. The internal controls are then implemented and the subsequent year's appraisal will review their effectiveness and progress against risk mitigation actions. In addition to the annual review, the Audit Committee will also consider any risks which may arise as a result of a new area of work being undertaken by the Trust.

## **Red Kite Learning Trust**

### **TRUSTEES' REPORT (continued)**

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#### **Principal risks and uncertainties (continued)**

A risk register is maintained at the Trust level which is reviewed at least annually by the Audit Committee and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Trust and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the Trust. Not all the factors are within the Trust's control. Other factors besides those listed below may also adversely affect the Trust.

#### **1. Government funding**

The Trust has considerable reliance on continued government funding through the Education and Skills Funding Agency (ESFA). In 2019/20, 85% of the Trust's recurrent revenue was ultimately public funded and this level of requirement is expected to continue. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

This risk is mitigated in a number of ways:

- Pupil numbers are the key driver of ESFA funding and every effort is made to ensure school pupil and student numbers are protected and grown where there is capacity to do so. Where schools have sixth forms, there is a particular focus on reviewing the financial sustainability of these provisions.
- Considerable focus and investment is placed on maintaining and managing key relationships with the ESFA and the Department for Education.
- Protecting the Trust from reputational damage is a key component of our risk strategy and this includes an ongoing focus on achieving excellent academic results and education of the highest possible quality in all of the Trust's schools.

#### **2. Manage the growth of the Trust**

Early in the previous reporting period, the Trust grew in size by another seven schools following a thorough due diligence process on joining schools to fully understand their risk profiles. The Trust remains focused on building its capacity in terms of personnel, systems and protocols to ensure that growth is controlled and sustainable. Effective governance is at the heart of our growth strategy. Careful consideration is given to the possible future growth of the Trust.

#### **3. Maintain adequate funding of pension liabilities**

The financial statements report the share of the pension scheme deficit on the Trust's balance sheet in line with the requirements of FRS 102. We will continue to carefully review the level of exposure to the pension fund deficit.

#### **4. Minimise the risk of litigation against the Trust**

Management and Trustees are highly focused on the need to ensure that the risks of litigation from employees, customers, suppliers, parents, pupils and other stakeholders are minimised in order to prevent reputational damage and financial loss. Adequate insurance cover remains an absolute necessity.

#### **5. Ensure diligence in all aspects of Health and Safety compliance**

Management and Trustees are highly focused on the need to ensure risks of damage to property and persons are minimised by adhering to a robust Health and Safety policy and by calling on expert advice in this area where required.

#### **6. Ensure ongoing cash solvency**

Management works closely with the Trust's internal and external auditors and Audit Committee to ensure internal controls are in place to minimise the possibility of unexpected financial losses. Furthermore, scrutiny of financial information by the Local Governing Bodies helps to ensure due diligence in all aspects of financial planning and budgeting, including cash management and forecasting.

**Red Kite Learning Trust**  
**TRUSTEES' REPORT (continued)**

7. Covid-19

Management and Trustees will continue to respond effectively to the challenges and risks of Covid-19 and will work creatively within the governmental guidance to promote the continuity of education for all pupils. The Trust will respond pragmatically to the emerging situational challenges and will place the highest importance on the safety of its children and staff whilst, whenever possible, protecting itself and its community from the adverse effects of Covid-19. Management will continue to focus on the urgent need to assist children to catch-up on the learning that has been lost due to the pandemic. Additional funding received for catch-up purposes is being carefully deployed and monitored to ensure maximum impact is achieved for the benefit of our pupils.

**FUNDRAISING**

The schools in Red Kite Learning Trust undertake a number of fundraising initiatives which include fundraising on behalf of the schools themselves and fundraising on behalf of charities and good causes.

Trustees are committed to ensuring that fundraising activities are carried out in a controlled and ethical manner and are mindful of the guidance issued by the Charity Commission in relation to fundraising standards.

Whenever parents and pupils donate to charitable collections, monies are carefully accounted for and remitted to the beneficiaries as soon as is possible.

Activities to raise funds collected for use by Trust schools are carefully considered by school leaders and appropriate and sensitive communication made with potential donors. The Trust is sensitive to its local communities and their varying contexts and ensures that funds raised are always done so on a completely voluntary basis.

If significant new or novel fund-raising initiatives are planned these are referred to local governors for approval.

**Streamlined Energy and Carbon Reporting**

<b>UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020</b>	
Energy consumption used to calculate emissions (kWh)	9,061,782
Energy Consumption breakdown	
• Gas (kWh)	6,050,060
• Electricity (kWh)	3,011,722
• Transport / Fuel (miles)	23,836
Scope 1 emissions in metric tonnes CO <sub>2</sub> e	
• Gas Consumption	1,112.42
• Owned transport	10.84
Total Scope 1	1,123.26
Scope 2 emissions in metric tonnes CO <sub>2</sub> e	
Electricity	702.86
Scope 3 emissions in metric tonnes CO <sub>2</sub> e	
Business travel in employee owned vehicles	6.58
<b>TOTAL GROSS EMISSIONS IN METRIC TONNES CO<sub>2</sub>e</b>	<b>1,832.70</b>
Intensity Ratio	
Tonnes CO <sub>2</sub> e per pupil (based on 8,234 pupils)	0.22

## **Red Kite Learning Trust**

### **TRUSTEES' REPORT (continued)**

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#### **Qualification and Reporting Methodology**

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Governments' Conversion Factors for Company Reporting.

#### **Intensity Measurement**

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.

#### **Measures taken to improve energy efficiency**

- Increased energy monitoring using Stark and Npower analytics with a view to reducing overall consumption.
- Installation of LED lights.
- Various thermal upgrades, including roof insulation and replacement windows.

#### **PLANS FOR FUTURE PERIODS**

Following a period of consolidation in 2019/20, the Trust continues to consider possible opportunities for further growth but is focused on ensuring any such growth is controlled and sustainable. The academies continue with the detailed plans, as laid out in our School Development Plans, as we strive to become a leading Multi-Academy Trust. We will continue to invest in our staff and our facilities to ensure that achieving positive outcomes for our pupils and students remains at the heart of all we do.

#### **DISABLED APPLICANTS AND EMPLOYEES**

Disabled applicants, who may not be able to meet some of the job requirements because of their disability, should specify this detail in their job application. If a disabled applicant meets all other criteria, they will be short-listed for interview and an opportunity provided to discuss if there are ways in which the post can be modified, to meet their needs.

Red Kite Learning Trust is an equal opportunity employer committed to the elimination of discrimination throughout its employment practices. Selection criteria procedures will be reviewed frequently to ensure that individuals are selected and treated on the basis of their merits and abilities. All information is treated in confidence and personal information submitted as part of the Equal Opportunities questions will not form part of an application; the shortlisting panel do not have access to this information.

Through the support and guidance of Occupational Health, employees who have been injured or have become disabled in the course of their employment can, where possible, continue in employment with the academy, as part of the Trust.

During employment, the Trust seeks to work with employees, taking into account their personal circumstances, to ensure appropriate training, development and advancement opportunities are available to enable them to reach their full potential.

#### **EMPLOYEE INVOLVEMENT**

Each academy encourages the involvement of its employees in its leadership and management through various activities including for example; weekly meetings of the SLT, at least half-termly meetings of middle leaders and at least half-termly meetings of department/faculty teams. This ensures the sharing of vision and policy and discussion of key issues including the receiving of views of the staff.

#### **AUDITORS**

Murray Harcourt Limited has indicated its willingness to continue in office.

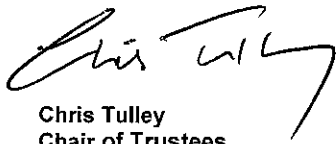
**Red Kite Learning Trust**  
**TRUSTEES' REPORT (continued)**

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**Statement as to disclosure of information to auditors**

The Trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the Trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Approved by order of the Board of Trustees at its meeting on 10 December 2020 and signed on its behalf by:



**Chris Tulley**  
**Chair of Trustees**



## Red Kite Learning Trust GOVERNANCE STATEMENT

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### Scope of responsibility

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

As Trustees, we have reviewed and taken account of the guidance in the 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 Red Kite Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### Governance

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

Trustee	Meetings attended	Out of possible
Mr J McHugh (retiring Chair)	5	5
Mrs J Sorrell	5	5
Mrs T Brooke	4	5
Mr C Tulley (incoming Chair)	5	5
Dr T Stowell	5	5
Mr R Sheriff	5	5
Mr D Hurcomb	5	5
Mr K Paynes	5	5
Mrs M Moyles	5	5
Mr J Topping	0	0

The Audit Committee reports to the Board of Trustees. Its purpose is to review the internal controls and risk profile of the Academy and to ensure the highest levels of probity are achieved. Attendance at meetings in the year is as follows:

Member	Meetings attended	Out of possible
Mrs L Devenny	2	3
Mrs J Sorrell	3	3
Mr D Hurcomb	3	3
Mr J Topping	3	3

Trustees oversee the work of three additional sub-committees. The Quality of Education Committee focuses on improving educational outcomes and standards across the Trust. The Finances and Resources Committee leads on aspects relating to finance and resources. The Pay and Performance Review Committee ensures adherence to our policies and development in relation to staff pay.

## **Red Kite Learning Trust GOVERNANCE STATEMENT (continued)**

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### **Review of Value for Money**

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

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

#### **1. Improving the effectiveness of resource-use**

Academic attainment is keenly monitored at all ages and all abilities with particular emphasis on all pupils and students meeting their potential.

A high emphasis is placed on assisting students with transition from primary to secondary school and then on to further education, training or employment.

Significant CPD opportunities are given to staff to promote further development.

ICT is used innovatively in the Trust schools.

The growing work of the Red Kite Teaching School Alliance further utilises the schools' facilities, as does the Maths Hub work and the new Computing Hub.

School facilities are used widely by the local community.

#### **2. Robust governance and oversight of Trust finances**

The Multi-Academy Trust places a high emphasis on the competency and experience of its governors and regularly reviews its governors' skill sets to ensure there is sufficient coverage in each area and in the area of finance in particular. Several governors are qualified accountants and their representation is a key component in ensuring robust governance and oversight of Academy Trust finances.

When appropriate, the Multi-Academy Trust consults with professional experts to advise on financial aspects.

The Local Governing Bodies review budget projections in detail and receive and review regular financial reports. Trustees approve the Multi-Academy Trust budget each year and are mindful of the need to balance expenditure against income to ensure the Trust remains a 'going concern'. Trustees also receive and approve the Annual Accounts and the External Auditor's Management Report.

#### **3. Ensuring the operation of the Trust demonstrates good value for money and efficient and effective use of resources**

The Trust regularly benchmarks financial performance and use of resources against other Academy Trusts to demonstrate that the Trust provides good value for money.

Tender exercises are regularly undertaken to ensure that high value contracts are assessed against the marketplace on a regular basis to ensure that long term contracts (3 to 5 years) remain competitive.

When possible, the Trust collaborates with other schools in the Red Kite Alliance to encourage best value procurement.

#### **4. Maximising income generation**

The Trust explores every opportunity to generate income through hire of school facilities and through running events and conferences and after-school activities. Business opportunities are taken following careful review of the risks and impact of doing so and the Trust understands the need to invest carefully to develop its future operations.

Opportunities to bid for additional funding are actively sought.

## **Red Kite Learning Trust**

### **GOVERNANCE STATEMENT (continued)**

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#### **5. Reviewing controls and managing risks.**

Financial reports are produced and reviewed by the Chief Financial Officer and the Headteachers and any necessary remedial action taken to address any significant variances that may have an impact on the budget out-turn. These variances are reviewed by the Local Governing Bodies.

The Trust ensures that significant surplus cash balances are invested in term deposits and interest-bearing accounts to maximise interest earning potential.

The Audit committee is charged with reviewing the Trust's risk register and steers and oversees the programme to deliver reassurance under the terms of the Academies Financial Handbook. The Audit Committee oversees a programme of Internal Audit.

Trust policies are carefully reviewed to ensure they remain useful, relevant and compliant.

The Trust is a member of the Risk Pooling Arrangement (RPA) and takes expert advice on those additional insurance covers that fall outside the scope of the RPA.

#### **6. Reviewing operations to maximise use of resources.**

The Academy Senior Leadership Teams review income and expenditure within each budget heading annually and make adjustments based on the effectiveness of strategies introduced in previous years, curriculum offer and any new strategies identified in the School Development Plans. Governors are consulted in detail on major investment and resource decisions.

#### **The purpose of the system of internal control**

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

#### **Capacity to handle risk**

The Board of Trustees has reviewed the key risks to which the 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 Trust's significant risks that has been in place for the year ending 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

#### **The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by Local Governing Bodies 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;
- a programme of Internal Audit.

**Red Kite Learning Trust**  
**GOVERNANCE STATEMENT (continued)**

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The Board of Trustees considered the need for a specific internal audit function and decided to engage Moorlands Learning Trust as internal auditor. The 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:

- Safeguarding
- Finance
- COVID-19
- Estates Management
- Risk Management

The findings of these system checks were reported to the Board of Trustees, through the Audit Committee.

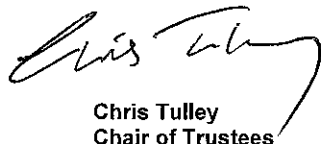
**Review of effectiveness**

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:

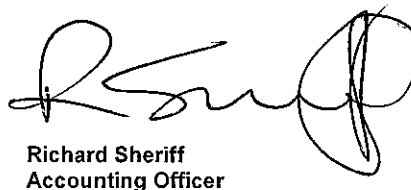
- The work of the Audit Committee
- The work of the external auditor
- The work of the internal auditor
- The work of the executive managers within the Multi-Academy Trust who have responsibility for the development and maintenance of the internal control framework

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

Approved by order of the members of the Board of Trustees on 10 December 2020 and signed on its behalf by:



**Chris Tulley**  
Chair of Trustees



**Richard Sheriff**  
Accounting Officer

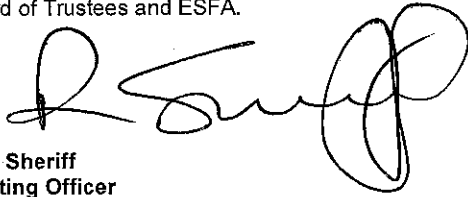
**Red Kite Learning Trust**  
**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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

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

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



**Richard Sheriff**  
**Accounting Officer**

**Date: 10 December 2020**

**Red Kite Learning Trust**  
**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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The Trustees (who act as Governors of Red Kite Learning Trust and are also the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual 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 2019 to 2020
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the Board of Trustees on 10 December 2020 and signed on its behalf by:



**Chris Tulley**  
**Chair of Trustees**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED KITE LEARNING TRUST**

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### **Opinion**

We have audited the financial statements of Red Kite Learning Trust (the 'Academy Trust') for the year ended 31 August 2020 which comprise the Statement of Financial Activities (including Income and Expenditure Account), 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 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

### **Basis for opinion**

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

### **Conclusions relating to going concern**

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

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

However, it is not possible to predict with certainty the potential impact of future developments in both the Academy Trust's trading environment or in the broader economy. Because of this, the above statements should not be interpreted as a guarantee that the Academy Trust will continue to operate as a going concern.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED KITE LEARNING TRUST (continued)**

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The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of Trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 20, the Trustees (who are also the Directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED KITE LEARNING TRUST (continued)

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### Auditor's responsibilities for the audit of the financial statements

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

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

### Use of this report

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

*Murray Harcourt Limited*

.....  
Steven Williams FCA (Senior Statutory Auditor)  
For and on behalf of Murray Harcourt Limited, Statutory Auditor

6 Queen Street  
Leeds  
LS1 2TW

Date: 21/12/2020

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO RED KITE LEARNING TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 26 September 2016 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Red Kite Learning Trust during the period from 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of Red Kite Learning Trust's Accounting Officer and the reporting accountant**

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

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

### **Approach**

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Academy Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2019;
- Confirming through enquiry and sample testing that the Academy Trust has complied with its procurement policies and that these policies comply with the delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON  
REGULARITY TO RED KITE LEARNING TRUST AND THE EDUCATION AND SKILLS  
FUNDING AGENCY (continued)**

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**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 from 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Murray Harcourt Limited*

Reporting Accountant  
Murray Harcourt Limited

Date: 21/12/2020

**Red Kite Learning Trust**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
(including Income and Expenditure Account)  
**for the year ended 31 August 2020**

	Notes	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total 2020 £'000	Total 2019 £'000
<b>INCOME AND ENDOWMENTS</b>						
<b>FROM:</b>						
Donations and capital grants	1	358	-	2,777	3,135	3,210
Donations - transfers into the multi-academy trust		-	-	-	-	56,828
Charitable activities						
Funding for the Academy						
Trust's educational operations	2	1,653	42,991	-	44,644	38,118
Teaching School	32	-	1,644	-	1,644	1,282
Other trading activities	3	844	-	-	844	1,265
Investments	4	18	-	-	18	4
<b>Total</b>		<b>2,873</b>	<b>44,635</b>	<b>2,777</b>	<b>50,285</b>	<b>100,707</b>
<b>EXPENDITURE ON:</b>						
Raising funds	5	786	-	-	786	1,033
Charitable activities:						
Academy Trust's educational operations	6	1,762	45,160	3,039	49,961	43,554
Teaching School	32	-	1,437	-	1,437	1,197
Taxation		-	-	-	-	7
<b>Total</b>	5	<b>2,548</b>	<b>46,597</b>	<b>3,039</b>	<b>52,184</b>	<b>45,791</b>
<b>NET INCOME/(EXPENDITURE)</b>		<b>325</b>	<b>(1,962)</b>	<b>(262)</b>	<b>(1,899)</b>	<b>54,916</b>
Transfers between funds	19	(3)	(755)	758	-	-
<b>OTHER RECOGNISED GAINS AND LOSSES:</b>						
Actuarial (losses)/gains on defined benefit pension scheme	29	-	(5,471)	-	(5,471)	(5,968)
<b>NET MOVEMENT IN FUNDS</b>		<b>322</b>	<b>(8,188)</b>	<b>496</b>	<b>(7,370)</b>	<b>48,948</b>
<b>RECONCILIATION OF FUNDS</b>						
Total funds brought forward		1,561	(18,735)	102,165	84,991	36,043
<b>TOTAL FUNDS CARRIED FORWARD</b>	19	<b>1,883</b>	<b>(26,923)</b>	<b>102,661</b>	<b>77,621</b>	<b>84,991</b>

All of the Academy Trust's activities derive from continuing operations during the above two financial periods.

**Red Kite Learning Trust**  
**BALANCE SHEET**  
**As at 31 August 2020**

**Company Registration No. 07523507**

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
<b>FIXED ASSETS</b>					
Intangible assets	11		288		-
Tangible assets	12		101,804		100,574
Investments	13		-		-
			<u>102,092</u>		<u>100,574</u>
<b>CURRENT ASSETS</b>					
Stock	14	19		13	
Debtors	15	2,873		4,175	
Investments	16	1,500		-	
Cash at bank and in hand	25	<u>3,885</u>		<u>3,923</u>	
		8,277		8,111	
<b>CREDITORS: Amounts falling due within one year</b>	17	<u>(5,351)</u>		<u>(4,484)</u>	
<b>NET CURRENT ASSETS</b>			<b>2,926</b>		<b>3,627</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u><b>105,018</b></u>		<u><b>104,201</b></u>
<b>CREDITORS: Amounts falling due after more than one year</b>	18		<b>(168)</b>		<b>(248)</b>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>			<u><b>104,850</b></u>		<u><b>103,953</b></u>
Pension scheme liability	29		<u>(27,229)</u>		<u>(18,962)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>			<u><b>77,621</b></u>		<u><b>84,991</b></u>
<b>FUNDS OF THE ACADEMY TRUST:</b>					
<b>RESTRICTED FUNDS</b>					
Fixed asset fund	19		102,661		102,165
General fund	19		306		227
Pension reserve	19		<u>(27,229)</u>		<u>(18,962)</u>
<b>TOTAL RESTRICTED FUNDS</b>			<u><b>75,738</b></u>		<u><b>83,430</b></u>
<b>TOTAL UNRESTRICTED INCOME FUNDS</b>	19		<u><b>1,883</b></u>		<u><b>1,561</b></u>
<b>TOTAL FUNDS</b>			<u><b>77,621</b></u>		<u><b>84,991</b></u>

The financial statements on pages 26 to 58 were approved by the Trustees and authorised for issue on 10 December 2020, and are signed on their behalf by:

**Chris Tulley**  
**Chair of Trustee**

**Red Kite Learning Trust**  
**CASH FLOW STATEMENT**  
**for the year ended 31 August 2020**

	Notes	2020 £'000	2019 £'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash provided by / (used in) operating activities	22	1,340	(442)
Tax refunded / (paid)		9	(25)
		<u>1,349</u>	<u>(467)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	23	(2,853)	498
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	24	(76)	(1)
<b>CASH FROM ENTITIES TRANSFERRED INTO THE TRUST</b>		1,542	526
<b>(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<u>(38)</u>	<u>556</u>
<b>CASH AND CASH EQUIVALENTS AT 1 SEPTEMBER</b>		3,923	3,367
<b>CASH AND CASH EQUIVALENTS AT 31 AUGUST</b>	25	<u>3,885</u>	<u>3,923</u>

**Red Kite Learning Trust**  
**ACCOUNTING POLICIES**  
**for the year ended 31 August 2020**

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**Statement of accounting policies**

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

**Basis of preparation**

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

Red Kite Learning Trust meets the definition of a public benefit entity under FRS 102.

**Consolidation**

The Trust has taken advantage of the exemption provided by Section 405 of the Companies Act 2006 not to prepare group accounts on the basis that the consolidation of Red Kite Alliance Limited and HGS Ventures Limited, both companies under the control of the Trust, is not material for the purposes of giving a true and fair view of the results for the period. These financial statements therefore present information about the Trust as a standalone entity.

**Going concern**

After making appropriate enquiries, the Trustees have a reasonable expectation that Red Kite Learning 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.

**Income**

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

**Grants**

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

The General Annual Grant ('GAG') from the DfE, which is intended to meet recurrent costs, is recognised on a receivable basis and is credited directly to the Statement of Financial Activities to the extent of the entitlement of the funds, any abatement in respect of the period is deducted from income and is recognised as a liability.

Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Any unspent amount is reflected as a balance in the restricted fund.

Other grants from government agencies and other bodies, including certain categories of Teaching School income, are recognised in the period in which they are receivable to the extent the conditions of funding have been met. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received the income is accrued.

**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.

**Red Kite Learning Trust**  
**ACCOUNTING POLICIES (continued)**  
**for the year ended 31 August 2020**

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**Other income**

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

**Interest receivable**

Interest receivable is included in the Statement of Financial Activities on a receivable basis, and is stated inclusive of related tax credits.

**Donated fixed assets**

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

**Expenditure**

All 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 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 Trust's educational operations, including support costs and costs relating to the governance of the Trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**Fund accounting**

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

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/Department for Education.

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

**Intangible fixed assets**

Intangible assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Computer software	20% per annum
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**Red Kite Learning Trust**  
**ACCOUNTING POLICIES (continued)**  
**for the year ended 31 August 2020**

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**Tangible fixed assets**

Tangible fixed assets costing £5,000 or more and iPads purchased in bulk are capitalised at cost 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 lives. 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.

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

Freehold buildings	1.3% - 3% per annum
Long leasehold buildings	2% - 10% per annum
Fixtures and equipment	10% - 20% per annum
Computer equipment	33% - 67% per annum
Motor vehicles	25% per annum

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.

Freehold land is not depreciated.

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.

**Fixed asset investments**

Fixed asset investments are stated at historic cost. Provision is made for any impairment in the value of fixed asset investments.

**Stock**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items.

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

**Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**Current asset investments**

Current asset investments relate to amounts held in fixed-term deposits and are initially measured at cost. They are subsequently measured at fair value at each reporting date.

**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 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.

**Red Kite Learning Trust**  
**ACCOUNTING POLICIES (continued)**  
**for the year ended 31 August 2020**

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**Concessionary loans**

Concessionary loans include those payable to a third party which are interest free or below market interest rates and are made to advance charitable purposes. Where the loan is repayable on demand within one year, the loan is measured at cost, less impairment. Where the loan is repayable after more than one year the Trust has opted to initially recognise and measure the loans at the amount received, with the carrying amount adjusted in subsequent years to reflect repayments and any accrued interest outstanding.

**Financial instruments**

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

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due from the Trust's group undertakings are held at face value less any impairment.

*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 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**Taxation**

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

**Pension benefits**

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

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

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

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

**Red Kite Learning Trust**  
**ACCOUNTING POLICIES (continued)**  
**for the year ended 31 August 2020**

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**Leased assets**

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

**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 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.

*Useful economic lives of tangible and intangible fixed assets*

The annual depreciation/amortisation charge for tangible/intangible fixed 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.

The carrying value of intangible and tangible fixed assets is detailed in notes 11 and 12 respectively. The useful economic life of each category of fixed asset is set out in the accounting policies, under "Intangible fixed assets" and "Tangible fixed assets", above.

*Local Government Pension Scheme liability*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will affect the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 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.

**Agency arrangements**

The Trust acts as an agent in the administering of 16-19 Bursary Funds from the ESFA. Related payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities to the extent that the Trust does not have a beneficial interest in the individual transactions. The allowance of 5% as a contribution to administration costs is however recognised in Statement of Financial Activities. Where funds have not been fully applied in the year then an amount will be included as amounts due to the ESFA.

The Trust also acts as agent in administering the Yorkshire Learning Community programme and School Centred Initial Teacher Training Bursary funds, as detailed in note 31.

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 August 2020**

**1 DONATIONS AND CAPITAL GRANTS**

	Unrestricted funds £'000	Restricted funds £'000	2020 Total £'000	2019 Total £'000
ESFA capital grants	-	1,546	1,546	1,749
Other capital grants	-	1,167	1,167	1,121
Capital donations	-	64	64	62
Parental donations – iPads for learning	239	-	239	221
Other donations	119	-	119	57
	<u>358</u>	<u>2,777</u>	<u>3,135</u>	<u>3,210</u>

Income from donations and capital grants was £3,135,000 (2019 - £3,210,000) of which £2,777,000 (2019 - £2,933,000) was attributable to restricted and £358,000 (2019 - £277,000) was attributable to unrestricted funds.

**2 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS**

	Unrestricted funds £'000	Restricted funds £'000	2020 Total £'000	2019 Total £'000
<b>DfE/ESFA GRANTS</b>				
General Annual Grant (GAG)	-	34,880	34,880	30,428
Start Up grants	-	-	-	103
Other DfE/ESFA grants	-	5,495	5,495	3,816
	<u>-</u>	<u>40,375</u>	<u>40,375</u>	<u>34,347</u>
<b>OTHER GOVERNMENT GRANTS</b>				
Local Authority grants	-	1,048	1,048	732
Other government grants	-	863	863	904
	<u>-</u>	<u>1,911</u>	<u>1,911</u>	<u>1,636</u>
<b>EXCEPTIONAL GOVERNMENT FUNDING</b>				
Coronavirus Job Retention Scheme grant	-	439	439	-
Coronavirus exceptional support	-	60	60	-
	<u>-</u>	<u>499</u>	<u>499</u>	<u>-</u>
<b>OTHER INCOME</b>				
Catering income	1,104	-	1,104	1,495
Other income	549	206	755	640
	<u>1,653</u>	<u>206</u>	<u>1,859</u>	<u>2,135</u>
<b>Total</b>	<u><b>1,653</b></u>	<u><b>42,991</b></u>	<u><b>44,644</b></u>	<u><b>38,118</b></u>

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

**2 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS (continued)**

Funding for the Academy Trust's educational operations amounted to £44,644,000 (2019 - £38,118,000) of which £42,991,000 (2019 - £36,115,000) was attributable to restricted and £1,653,000 (2019 - £2,003,000) was attributable to unrestricted funds.

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

- The funding received for coronavirus exceptional support covers £60,000 of premises and cleaning costs. These costs are included in notes 5 and 6 below.
- The Academy Trust furloughed some of its catering, before and after school staff, nursery and peripatetic music teachers under the government's Coronavirus Job Retention Scheme. The funding received relates to staff costs in respect of 125 staff which are included within note 7 below as appropriate.

**3 OTHER TRADING ACTIVITIES**

	Unrestricted funds £'000	Restricted funds £'000	2020 Total £'000	2019 Total £'000
Hire of facilities	266	-	266	341
Primary partnership	23	-	23	35
Music tuition	142	-	142	136
Professional services	144	-	144	161
Catering	28	-	28	94
Transport income	45	-	45	95
Other sources	196	-	196	403
	844	-	844	1,265

All income from other trading activities was unrestricted in both reporting periods. Trading income was adversely impacted in the year due to the Covid-19 pandemic.

**4 INVESTMENT INCOME**

	Unrestricted funds £'000	Restricted funds £'000	2020 Total £'000	2019 Total £'000
Short term deposits	18	-	18	4
	18	-	18	4

All income from investments was unrestricted in both reporting periods.

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

**5 EXPENDITURE**

	Staff costs £'000	Non-Pay Expenditure		2020	2019
		Premises £'000	Other £'000	Total £'000	Total £'000
Raising funds	350	54	382	786	1,033
Academy's educational operations:					
Direct costs	29,804	2,385	2,774	34,963	30,001
Allocated support costs	8,846	2,667	3,485	14,998	13,553
	<u>38,650</u>	<u>5,052</u>	<u>6,259</u>	<u>49,961</u>	<u>43,554</u>
Teaching School	671	86	680	1,437	1,197
Taxation	-	-	-	-	7
	<u>39,671</u>	<u>5,192</u>	<u>7,321</u>	<u>52,184</u>	<u>45,791</u>

All expenditure on raising funds was unrestricted in both reporting periods.

All expenditure on Teaching School activities was restricted in both reporting periods.

Net income/(expenditure) for the period includes:	2020 £'000	2019 £'000
Operating leases:		
Plant and machinery	66	105
Fees payable to auditor for:		
Audit	20	21
Other services	4	4
Depreciation of tangible fixed assets	3,051	2,703
Amortisation of intangible fixed assets	10	-
Profit on disposal of fixed assets	(22)	(17)

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000	
		Amount £	Reason
Unrecoverable debts	1,208	-	-
Gifts made by the Academy Trust	3,094	-	-

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

6 CHARITABLE ACTIVITIES	2020 Total £'000	2019 Total £'000	
Direct costs – educational operations	34,963	30,001	
Support costs – educational operations	14,998	13,553	
	<u>49,961</u>	<u>43,554</u>	
<b>Analysis of support costs</b>			
	Educational operations £'000	2020 Total £'000	2019 Total £'000
Staff costs	8,787	8,787	7,281
Staff costs - governance	59	59	56
Depreciation and amortisation	676	676	538
Premises costs	2,667	2,667	2,697
Technology costs	507	507	409
Catering costs	1,071	1,071	1,390
Other support costs	1,188	1,188	1,086
Governance costs	43	43	96
<b>Total support costs</b>	<u>14,998</u>	<u>14,998</u>	<u>13,553</u>

Expenditure on the Academy Trust's educational operations amounted to £49,961,000 (2019 - £43,554,000) of which £48,199,000 (2019 - £41,543,000) was attributable to restricted and £1,762,000 (2019 - £2,011,000) was attributable to unrestricted funds.

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

<b>7</b>	<b>STAFF COSTS</b>		
		<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
	<b>a. Staff costs</b>		
	Staff costs during the period were:		
	Wages and salaries	28,080	24,469
	Social security costs	2,522	2,169
	Operating costs of defined benefit pension schemes	8,289	6,066
	Apprenticeship levy	131	102
		<u>39,022</u>	<u>32,806</u>
	Supply staff costs	578	535
	Staff restructuring costs	71	135
		<u>39,671</u>	<u>33,476</u>
	<b>Staff restructuring costs comprise:</b>		
	Redundancy payments	-	-
	Severance payments	71	135
		<u>71</u>	<u>135</u>

**b. Non-statutory/non-contractual staff severance payments**  
 Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £17,330 (2019 - £34,373) in relation to two (2019 – two) employee(s). The individual payments were £13,029 and £4,301.

**c. Staff numbers**  
 The average number of persons employed by the Academy during the period was as follows:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
<b>Charitable activities</b>		
Teachers	413	406
Administration and educational support	730	692
Management	69	63
	<u>1,212</u>	<u>1,161</u>

The average number of persons employed by the Academy during the period expressed as full-time equivalents was as follows:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
<b>Charitable activities</b>		
Teachers	353	357
Administration and educational support	567	484
Management	68	63
	<u>988</u>	<u>904</u>



**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

**7 STAFF COSTS (continued)**

**d. Higher paid staff**

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

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
£60,001 - £70,000	14	3
£70,001 - £80,000	7	6
£80,001 - £90,000	1	3
£90,001 - £100,000	1	-
£100,001 - £110,000	2	1
£140,001 - £150,000	1	1

24 of the above employees (2019 - 13) participated in the Teachers' Pension Scheme and two (2019 - one) participated in the Local Government Pension Scheme. Pension contributions for these staff amounted to £454,739 (2019 - £168,048).

**e. Key management personnel**

The key management personnel of the Academy Trust comprise the Trustees and the Executive Group as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £1,959,037 (2019 - £1,760,881).

**8 CENTRAL SERVICES**

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

- Human Resources
- Financial services
- Educational support and School Improvement services
- Facilities Management services

The Trust charges for these services based on a percentage of GAG received by each academy. The charge for provision of services to the Children's Centre is based on a percentage of income received by the Centre. The rate applied during the current period was 4.5%.

The actual amounts charged during the year were as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Harrogate Grammar School	428	393
Western Primary School	67	63
Oatlands Community Junior School	49	47
Rossett Acre Primary School	67	61
Crawshaw Academy	235	217
Coppice Valley Primary School	36	33
Austhorpe Primary School	37	35
Temple Learning Academy	152	80
Temple Moor High School	308	241
Colton Primary School	37	29
Meadowfield Primary School	85	68
Templenewsam Halton Primary School	74	57
Whitkirk Primary School	68	56
Children's Centre	8	6
	<b>1,651</b>	<b>1,386</b>

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

**9 RELATED PARTY TRANSACTIONS – Trustees’ remuneration and expenses**

No Trustees have been remunerated or have received other benefits from an employment with the Academy Trust. The Chief Executive Officer (who is also the Accounting Officer) is paid as below:

R. Sheriff (CEO and Accounting Officer):

Remuneration: £140,000 - £145,000 (2019: £140,000 - £145,000)

Employer’s pension contributions: £30,000 - £35,000 (2019: £20,000 - £25,000)

During the period ended 31 August 2020, travel and subsistence expenses totalling £2,000 (2019 - £2,000) were reimbursed or paid directly to one Trustee (2019: one Trustee).

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

**10 TRUSTEES’ AND OFFICERS INSURANCE**

The Academy Trust has opted into the Department for Education’s Risk Protection Arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy 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 membership.

**11 INTANGIBLE FIXED ASSETS**

	<b>Computer software £’000</b>	<b>Total £’000</b>
<b>Cost</b>		
At 1 September 2019	-	-
Additions	298	298
At 31 August 2020	298	298
<b>Amortisation</b>		
At 1 September 2019	-	-
Charged in year	10	10
At 31 August 2020	10	10
<b>Net book values</b>		
At 31 August 2020	288	288
At 31 August 2019	-	-

The amortisation charge is recognised in Expenditure on the Academy Trust’s educational operations, within support costs.

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

**12 TANGIBLE FIXED ASSETS**

	Land and buildings £'000	Fixtures and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Assets under the course of construction £'000	Total £'000
<b>Cost</b>						
At 1 September 2019	107,011	2,064	1,567	71	722	<b>111,435</b>
Additions	256	101	343	9	3,576	<b>4,285</b>
Transfers	1,209	25	-	-	(1,234)	-
Disposals	-	-	(98)	(7)	-	<b>(105)</b>
At 31 August 2020	<b>108,476</b>	<b>2,190</b>	<b>1,812</b>	<b>73</b>	<b>3,064</b>	<b>115,615</b>
<b>Depreciation</b>						
At 1 September 2019	9,078	1,012	710	61	-	<b>10,861</b>
Charged in year	2,415	187	441	8	-	<b>3,051</b>
Disposals	-	-	(98)	(3)	-	<b>(101)</b>
At 31 August 2020	<b>11,493</b>	<b>1,199</b>	<b>1,053</b>	<b>66</b>	-	<b>13,811</b>
<b>Net book values</b>						
At 31 August 2020	<b>96,983</b>	<b>991</b>	<b>759</b>	<b>7</b>	<b>3,064</b>	<b>101,804</b>
At 31 August 2019	<b>97,933</b>	<b>1,052</b>	<b>857</b>	<b>10</b>	<b>722</b>	<b>100,574</b>

Land and buildings comprises leasehold buildings with a carrying value of £26,973,000, freehold buildings with a carrying value of £67,295,000 and freehold land with a carrying value of £2,715,000. The leasehold buildings are all held under 125-year leases.

The Academy Trust's transactions relating to land and buildings included:

- the granting of a leasehold on the caretaker's bungalow at Austhorpe Primary School for £6k per annum over a term of one year.

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

**13 FIXED ASSET INVESTMENTS**

**Details of undertakings**

Details of the investments in which the Academy holds 20% or more of the nominal value of any class of share are as follows:

	Country of incorporation	Holding	Proportion of voting rights and shares held	Nature of business
<b>SUBSIDIARY UNDERTAKINGS</b>				
Red Kite Alliance Limited	England	Guarantee	100%	Non-trading
HGS Ventures Limited	England	Ordinary shares	100%	Procurement support

The Academy is the sole member of Red Kite Alliance Limited (company number: 08222082), a company limited by guarantee and incorporated on 20 September 2012. Red Kite Alliance Limited did not trade during the period and had net assets of £Nil as at 31 August 2020. As a member in Red Kite Alliance Limited the Academy undertakes to contribute to the assets of the company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before they cease to be a member. Red Kite Alliance Limited was dissolved on 17 November 2020.

The Academy is the sole shareholder of HGS Ventures Limited (company number: 08857077). The principal activity of HGS Ventures Limited is that of the provision of procurement support. During the period, HGS Ventures Limited generated a profit of £36,242, all of which was distributed as a gift aid donation to Red Kite Learning Trust. As at 31 August 2020, HGS Ventures Limited had net assets of £471.

The registered office address of these two subsidiaries is: Arthurs Avenue, Harrogate, HG2 0DZ.

**14 STOCK**

	2020 £'000	2019 £'000
Catering	19	13

The cost of catering stock recognised as an expense in the period was £947,000 (2019 - £1,201,000).

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

**15 DEBTORS**

	2020 £'000	2019 £'000
Trade debtors	632	239
Other debtors	1,230	3,106
VAT recoverable	487	420
Amounts owed by subsidiary undertakings	51	15
Prepayments and accrued income	473	395
	<u>2,873</u>	<u>4,175</u>

Debtors are classified as basic financial instruments and are measured at their settlement value.

Trade debtors are stated after a provision for doubtful debts of £325 (2019 - £3,405).

**16 CURRENT ASSET INVESTMENTS**

	2020 £'000	2019 £'000
Cash held on term deposit	<u>1,500</u>	<u>-</u>
	<u>1,500</u>	<u>-</u>

Included within cash held on term deposit are the following:

- o 12-month term deposit, maturing on 24 February 2021 - £500,000
- o 12-month term deposit, maturing on 25 January 2021 - £500,000
- o 9-month term deposit, maturing on 23 October 2020 - £500,000

**17 CREDITORS: Amounts falling due within one year**

	2020 £'000	2019 £'000
Trade creditors	2,522	1,483
Taxation and social security	607	309
Other loans	88	84
Other creditors	1,064	649
Accruals and deferred income	<u>1,070</u>	<u>1,959</u>
	<u>5,351</u>	<u>4,484</u>

All financial liabilities are classified as basic financial instruments and are measured at their settlement value.

**Deferred income**

	2020 £'000
Deferred income at 1 September 2019	854
Resources deferred in the year	673
Amounts released from previous years	<u>(854)</u>
Deferred income at 31 August 2020	<u>673</u>

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

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**17 CREDITORS: Amounts falling due within one year (continued)**

At the balance sheet date, the Academy Trust was holding funds received in advance for Teaching School membership subscriptions (£93,000), grants received for future periods (£551,000) and music and bus income received in advance (£29,000).

Included within Other loans due within one year are three Salix loan balances amounting to £58,000 (2019 – three loans amounting to £58,000) and three CIF loan balances amounting to £30,000 (2019 – three loans amounting to £26,000). The Salix loans are interest-free and repayable by instalments. The loans are classified as a concessionary loans and are measured at the amount received, adjusted to reflect repayments made since original drawdown. One of the CIF loans is interest-free and the other two carry interest at 1.04% and 1.05%.

**18 CREDITORS: Amounts falling due in greater than one year**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Other loans	<u>168</u>	<u>248</u>
	<u><b>168</b></u>	<u><b>248</b></u>

Other loans due after one year include three Salix loans amounting to £120,000 (2019 – three loans amounting to £179,000) and three CIF loans amounting to £48,000 (2019 – three loans amounting to £69,000). The loans are classified as a concessionary loans and are measured at the amount received, adjusted to reflect repayments made since original drawdown. One of the CIF loans is interest-free and the other two carry interest at 1.04% and 1.05%.

The loan repayment profile is as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Due within one year	<b>88</b>	84
Due within two and five years inclusive	<b>166</b>	232
Due in over five years	<u>2</u>	<u>16</u>
	<u><b>256</b></u>	<u><b>332</b></u>

The Salix loans are repayable in equal six-monthly instalments. The CIF loans are repayable in equal monthly instalments.

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

**19 FUNDS**

	Balance at 1 Sept 2019 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2020 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	34,880	(34,242)	(638)	-
Other DfE/ESFA grants	-	5,555	(5,555)	-	-
LEA and other grants	11	2,350	(2,361)	-	-
Other restricted income	-	206	(206)	-	-
Teaching School	216	1,644	(1,437)	(117)	306
	227	44,635	(43,801)	(755)	306
Pension reserve	(18,962)	-	(2,796)	(5,471)	(27,229)
	(18,735)	44,635	(46,597)	(6,226)	(26,923)
<b>Restricted fixed asset funds</b>					
DfE/ESFA capital grants	4,044	1,546	(347)	-	5,243
Other capital income	1,563	1,231	(195)	-	2,599
Transferred on conversion	94,623	-	(2,309)	-	92,314
Capital expenditure from GAG	1,935	-	(188)	758	2,505
	102,165	2,777	(3,039)	758	102,661
<b>Total restricted funds</b>	<b>83,430</b>	<b>47,412</b>	<b>(49,636)</b>	<b>(5,468)</b>	<b>75,738</b>
<b>Unrestricted funds</b>					
Unrestricted funds	1,561	2,873	(2,548)	(3)	1,883
<b>Total unrestricted funds</b>	<b>1,561</b>	<b>2,873</b>	<b>(2,548)</b>	<b>(3)</b>	<b>1,883</b>
<b>Total funds</b>	<b>84,991</b>	<b>50,285</b>	<b>(52,184)</b>	<b>(5,471)</b>	<b>77,621</b>

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

- (i) 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.
- (ii) The restricted general fund balances carried forward relate to unspent children's centre funding and Teaching School surpluses.
- (iii) Restricted Fixed Asset funds relate to income received from the DfE, other government grants and transfers from GAG income and unrestricted funds. The fund balance includes donated assets relating to school buildings. Depreciation relating to the assets procured is charged against these funds over the life of the assets.
- (iv) Unrestricted funds relate to surpluses brought across on conversion and self-generated income since conversion.

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

**19 FUNDS (continued)**

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

	Balance at 1 Sept 2018 £'000	Incoming resources £'000	Resources expended £'000	Gains, losses & transfers £'000	Balance at 31 August 2019 £'000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	-	30,428	(30,862)	434	-
Start Up grants	-	103	(103)	-	-
Other DfE/ESFA grants	31	3,816	(3,847)	-	-
LEA and other grants	-	1,636	(1,625)	-	11
Other restricted income	-	133	(133)	-	-
Teaching School	146	1,282	(1,197)	(15)	216
	177	37,398	(37,767)	419	227
Pension reserve	(6,147)	(4,560)	(2,287)	(5,968)	(18,962)
	(5,970)	32,838	(40,054)	(5,549)	(18,735)
<b>Restricted fixed asset funds</b>					
DfE/ESFA capital grants	2,482	1,749	(187)	-	4,044
Other capital income	462	1,183	(82)	-	1,563
Transferred on conversion	36,817	60,122	(2,316)	-	94,623
Capital expenditure from GAG	1,673	-	(101)	363	1,935
	41,434	63,054	(2,686)	363	102,165
<b>Total restricted funds</b>	<b>35,464</b>	<b>95,892</b>	<b>(42,740)</b>	<b>(5,186)</b>	<b>83,430</b>
<b>Unrestricted funds</b>					
Unrestricted funds	579	4,815	(3,051)	(782)	1,561
<b>Total unrestricted funds</b>	<b>579</b>	<b>4,815</b>	<b>(3,051)</b>	<b>(782)</b>	<b>1,561</b>
<b>Total funds</b>	<b>36,043</b>	<b>100,707</b>	<b>(45,791)</b>	<b>(5,968)</b>	<b>84,991</b>



**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

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**19 FUNDS (continued)**

**Analysis of academies by fund balance**

Fund balances at 31 August 2020 were allocated as follows:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Harrogate Grammar School	881	693
Western Primary School	72	154
Oatlands Community Junior School	46	102
Rossett Acre Primary School	198	204
Crawshaw Academy	(557)	(757)
Coppice Valley Primary School	79	24
Aus Thorpe Primary School	42	39
Temple Learning Academy	801	480
Temple Moor High School	(62)	(147)
Colton Primary School	124	110
Meadowfield Primary School	482	356
Temple Newsam Halton Primary School	253	215
Whitkirk Primary School	38	106
TNLP Cluster	169	155
Children's Centre	21	17
Teaching School	306	216
Central services	(704)	(179)
Total before fixed assets and pension reserve	<u>2,189</u>	<u>1,788</u>
Restricted fixed asset fund	102,661	102,165
Pension reserve	<u>(27,229)</u>	<u>(18,962)</u>
<b>Total</b>	<b><u>77,621</u></b>	<b><u>84,991</u></b>

The historic, inherited deficit position at Crawshaw Academy has improved and although 2020/21 will remain a financially challenging year, there are signs of further financial recovery thereafter as plans to rationalise Sixth Form provision come to fruition. The unrestricted deficit at Temple Moor High School has reduced and the school is on track to eradicate its small remaining deficit within the three-year planning cycle.

The deficit on the Central services budget has increased significantly due to the investment in 2019/20 in the CoreHR software system and the significant first phase of the ICT Transformation project. As beneficiaries of these investments, all Trust schools have agreed to make a supplementary 1% of GAG contribution in both 2020/21 and 2021/22 to cover the costs of these investments.

The overall growth in funds before fixed assets and pension reserve from £1,788K to £2,189K, despite the significant investment expenditure, is encouraging.

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

**19 FUNDS (continued)**

**Analysis of academies by cost**

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

	Teaching and Educational Support Staff Costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs (excluding Dep'n) £'000	Total 2020 £'000	Total 2019 £'000
Harrogate Grammar School	6,851	1,964	960	1,667	11,442	10,835
Western Primary School	1,552	397	41	219	2,209	2,119
Oatlands Community Junior School	898	155	52	216	1,321	1,263
Rossett Acre Primary School	1,266	200	39	250	1,755	1,616
Crawshaw Academy	3,854	1,035	228	681	5,798	5,768
Coppice Valley Primary School	600	132	24	158	914	904
Austhorpe Primary School	716	172	25	140	1,053	1,011
Temple Learning Academy	2,834	713	134	378	4,059	2,738
Temple Moor High School	5,393	1,207	381	979	7,960	6,615
Colton Primary School	895	239	44	144	1,322	1,021
Meadowfield Primary School	1,993	607	62	295	2,957	2,412
Templenewsam Halton Primary School	1,528	419	79	232	2,258	1,813
Whitkirk Primary School	1,207	298	126	271	1,902	1,530
TNLP Cluster	160	206	18	19	403	379
Children's Centre	82	80	1	9	172	132
Teaching school	456	215	-	766	1,437	1,197
Central services	143	1,204	32	804	2,183	1,752
<b>Academy Trust</b>	<b>30,428</b>	<b>9,243</b>	<b>2,246</b>	<b>7,228</b>	<b>49,145</b>	<b>43,105</b>

**20 ANALYSIS OF NET ASSETS BETWEEN FUNDS**

Fund balances at 31 August 2020 are represented by:

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Intangible fixed assets	-	-	288	288
Tangible fixed assets	-	-	101,804	101,804
Current assets	1,962	3,856	2,459	8,277
Current liabilities	(79)	(3,550)	(1,722)	(5,351)
Non-current liabilities	-	-	(168)	(168)
Pension scheme liability	-	(27,229)	-	(27,229)
<b>Total net assets</b>	<b>1,883</b>	<b>(26,923)</b>	<b>102,661</b>	<b>77,621</b>

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

**20 ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)**

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

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds £'000
Tangible fixed assets	-	-	100,574	100,574
Current assets	1,689	3,450	2,972	8,111
Current liabilities	(128)	(3,223)	(1,133)	(4,484)
Non-current liabilities	-	-	(248)	(248)
Pension scheme liability	-	(18,962)	-	(18,962)
<b>Total net assets</b>	<b>1,561</b>	<b>(18,735)</b>	<b>102,165</b>	<b>84,991</b>

**21 COMMITMENTS UNDER OPERATING LEASES**

**OPERATING LEASES**

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

	2020 £'000	2019 £'000
Amounts due within one year	47	48
Amounts due between one and five years	21	33
	<b>68</b>	<b>81</b>

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

**22 RECONCILIATION OF NET (EXPENDITURE) / INCOME TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES**

	2020 £'000	2019 £'000
Net (expenditure) / income	(1,899)	54,916
Taxation (credit) / charge	(9)	7
Amortisation (note 11)	10	-
Depreciation (note 12)	3,051	2,703
Capital income	(2,777)	(2,932)
Profit on disposal of fixed assets	(22)	(17)
Donation – transfers into the multi academy trust	-	(56,828)
Interest receivable (note 4)	(18)	(4)
Pension cost less contributions payable (note 29)	2,455	2,034
Pension finance cost (note 29)	341	253
Increase in stocks	(6)	(3)
Increase in debtors	(252)	(431)
Increase / (decrease) in creditors	466	(140)
<b>Net cash provided by / (used in) Operating Activities</b>	<b>1,340</b>	<b>(442)</b>

**23 CASH FLOWS FROM INVESTING ACTIVITIES**

	2020 £'000	2019 £'000
Interest received	18	4
Purchase of intangible fixed assets	(288)	-
Purchase of tangible fixed assets	(3,898)	(1,500)
Purchase of investments	(1,500)	-
Capital grants from DfE/ESFA	2,789	1,976
Proceeds from sale of tangible fixed assets	26	18
<b>Net cash flow from investing activities</b>	<b>(2,853)</b>	<b>498</b>

**24 CASH FLOWS FROM FINANCING ACTIVITIES**

	2020 £'000	2019 £'000
Inflow from new loans in the period	-	44
Repayment of loans	(76)	(45)
<b>Net cash flow from financing activities</b>	<b>(76)</b>	<b>(1)</b>

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

**25 ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Current accounts	3,885	3,528
Deposit accounts	-	395
	<u>3,885</u>	<u>3,923</u>

**26 ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At 1</b>		<b>Non-cash</b>	<b>At 31</b>
	<b>September</b>	<b>Cash flows</b>	<b>movements</b>	<b>August</b>
	<b>2019</b>	<b>£'000</b>	<b>£'000</b>	<b>2020</b>
	<b>£'000</b>			<b>£'000</b>
Cash and cash equivalents	3,923	(38)	-	3,885
	<u>3,923</u>	<u>(38)</u>	<u>-</u>	<u>3,885</u>
Loans due within one year	(84)	76	(80)	(88)
Loans due after more than one year	(248)	-	80	(168)
	<u>3,591</u>	<u>38</u>	<u>-</u>	<u>3,629</u>

**27 CAPITAL COMMITMENTS**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Assets under construction	<u>850</u>	<u>839</u>

**28 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.

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

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**29 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. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and for the LGPS 31 March 2019.

Contributions amounting to £664,867 (2019 - £269,030) were payable to the schemes at 31 August 2020 and are included within creditors.

**Teachers' Pension Scheme**

**Introduction**

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

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

**Valuation of the Teachers' Pensions Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every four 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:

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £3,812,000 (2019 - £2,344,000).

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

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

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

**29 PENSION AND SIMILAR OBLIGATIONS (continued)**

**Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with the assets held in separate Trustee-administered funds. The Academy Trust has employees in both the North Yorkshire Pension Fund and the West Yorkshire Pension Fund.

The total contribution made to these funds for the year ended 31 August 2020 was £2,664,000 (2019 - £2,224,000), of which employer's contributions totalled £2,022,000 (2019 - £1,688,000) and employees' contribution totalled £642,000 (2019 - £536,000). The agreed employer's contribution rates for future years are 18.3% and 16.8% for the North Yorkshire Pension Fund and the West Yorkshire Pension Fund respectively. The agreed employee contribution rates for future years range between 5.5% and 12.5% for both schemes.

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

**Principal actuarial assumptions**

**North Yorkshire Pension Fund**

	<b>At 31 August 2020</b>	<b>At 31 August 2019</b>
Rate of increase in salaries	3.55%	3.25%
Rate of increase for pensions in payment/inflation	2.30%	2.00%
Discount rate for scheme liabilities	1.70%	1.90%
Inflation assumption (CPI)	2.30%	2.00%
Commutation of pensions to lump sums	75.00%	75.00%

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

	<b>At 31 August 2020</b>	<b>At 31 August 2019</b>
<i>Retiring today</i>		
Males	21.8	21.9
Females	23.9	25.1
<i>Retiring in 20 years</i>		
Males	23.5	23.6
Females	25.7	26.9

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

**29 PENSION AND SIMILAR OBLIGATIONS (continued)**

**West Yorkshire Pension Fund**

	<b>At 31 August 2020</b>	<b>At 31 August 2019</b>
Rate of increase in salaries	3.55%	3.25%
Rate of increase for pensions in payment/inflation	2.30%	2.00%
Discount rate for scheme liabilities	1.70%	1.90%
Inflation assumption (CPI)	2.30%	2.00%
Commutation of pensions to lump sums	75.00%	75.00%

	<b>At 31 August 2020</b>	<b>At 31 August 2019</b>
<i>Retiring today</i>		
Males	21.8	22.2
Females	24.6	25.4
<i>Retiring in 20 years</i>		
Males	22.5	23.2
Females	25.7	27.2

**Sensitivity analysis**

The approximate impact of changing key assumptions on the present value of the funded defined benefit pension obligation is detailed below. In each case, only the assumption listed is altered; all other assumptions remain unchanged. A positive value represents an increase in the defined benefit pension obligation:

	<b>At 31 August 2020 £'000</b>	<b>At 31 August 2019 £'000</b>
Discount rate +0.1%	(1,352)	(985)
Discount rate -0.1%	1,372	1,010
Mortality assumption – 1-year increase	(1,899)	(1,335)
Mortality assumption – 1-year decrease	1,952	1,351
CPI rate +0.1%	1,147	645
CPI rate -0.1%	(1,127)	(634)



**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

**29 PENSION AND SIMILAR OBLIGATIONS (continued)**

**Principal actuarial assumptions (continued)**

The Academy Trust's share of the assets and liabilities in the schemes were:

	Fair value at 31 August 2020 £'000	Fair value at 31 August 2019 £'000
Equities	18,204	15,652
Government bonds	3,392	2,903
Other bonds	831	680
Property	1,302	1,181
Cash	603	599
Other	1,192	879
<b>Total market value of assets</b>	<b>25,524</b>	<b>21,894</b>
Present value of scheme liabilities		
- Funded	(52,753)	(40,856)
<b>Surplus/(deficit) in the scheme</b>	<b>(27,229)</b>	<b>(18,962)</b>

The actual return on scheme assets was £1,157,000 (2019 - £2,249,000).

<b>Amounts recognised in the Statement of Financial Activities</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Current service cost	4,477	2,723
Past service cost	-	999
	<u>4,477</u>	<u>3,722</u>
Pension finance cost	341	253
Total operating charge	<u>4,818</u>	<u>3,975</u>
<b>Amounts recognised in Other Comprehensive Income</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Asset gains arising in the period	717	1,606
Liability losses arising in the period	(6,188)	(7,574)
Total amount recognised in other comprehensive income	<u>(5,471)</u>	<u>(5,968)</u>

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

**29 PENSION AND SIMILAR OBLIGATIONS (continued)**

<b>Changes in the present value of defined benefit obligations were as follows:</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 September</b>	<b>40,856</b>	<b>14,362</b>
Current service cost	4,477	2,723
Interest cost	781	734
Employee contributions	642	536
Actuarial loss/(gain)	6,188	7,574
Net benefits paid out	(191)	(438)
Past service cost	-	999
Balance acquired on transfer into the Trust	-	14,366
<b>At 31 August</b>	<b>52,753</b>	<b>40,856</b>
<b>Changes in the fair value of Academy Trust's share of scheme assets</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 September</b>	<b>21,894</b>	<b>8,215</b>
Interest income on assets	440	481
Remeasurement gains on assets	717	1,606
Employer contributions	2,022	1,688
Employee contributions	642	536
Benefits paid	(191)	(438)
Balance acquired on transfer into the Trust	-	9,806
<b>At 31 August</b>	<b>25,524</b>	<b>21,894</b>

The estimated value of employer contributions for the year ended 31 August 2021 is £2,135,000.

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

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**30 RELATED PARTIES**

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

**Subsidiary undertakings**

Red Kite Alliance Limited and HGS Ventures Limited are wholly owned subsidiary undertakings of Red Kite Learning Trust. During the period, the Trust received a gift-aid donations of £56,000 from HGS Ventures Limited. As at 31 August 2020, Red Kite Alliance Limited owed £nil and HGS Ventures Limited owed £51,000 to Red Kite Learning Trust.

**Collaborative Learning Trust**

Collaborative Learning Trust is an academy in which the wife of Mr R Sheriff is the Headteacher (Mrs J Sheriff). During the period, the Trust provided services at cost in the sum of £17,972 (2019 - £14,696) to Collaborative Learning Trust and made purchases of £21,571 (2019 - £13,345) from that academy. As at 31 August 2020, the Trust owed £Nil (2019 - £13,037) to Collaborative Learning Trust.

**31 AGENCY ARRANGEMENTS**

**16-19 Bursary Fund**

The Academy Trust administers the disbursement of the discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. In the year it received £55,469 and disbursed £39,499. An amount of £41,239 (2019 - £25,269) was unspent as at 31 August 2020 and included in creditors.

**School Centred Initial Teacher Training (SCITT) Bursary**

The Academy Trust is a provider of School Centred Initial Teacher Training and administers the disbursement of bursary funding on behalf of the National College of Teaching and Learning (NCTL). In the year, the Academy Trust received £1,223,100 from the NCTL and disbursed £1,237,000. An amount of £22,400 was overspent and due back to the Trust (2019 - £8,500 overspent) as at 31 August 2020 and included in debtors.

**Yorkshire Leadership Community Funds**

The Yorkshire Leadership Community (YLC) is a collaboration between several Teaching School Alliances in partnership with a number of Local Authorities and other educational organisations. The YLC is controlled by a separate steering group constituted from the various member organisations. The Academy Trust administers funds on behalf of the YLC and received funds of £291,431 and disbursed £229,565. An amount of £220,288 (2019 - £158,422) was unspent and included within creditors as at 31 August 2020.

**Red Kite Learning Trust**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 August 2020**

**32 TEACHING SCHOOL TRADING ACCOUNT**

	2020			2019		
	£'000	£'000	£'000	£'000	£'000	£'000
<b>INCOME</b>						
Subscription fees		153			153	
ESFA grants		350			133	
SCITT income		1,106			920	
Other income		35			76	
			1,644			1,282
<b>EXPENDITURE</b>						
<b>Direct expenditure</b>						
Direct staff costs	456			365		
Other direct costs	610			551		
<b>Total direct costs</b>		1,066			916	
<b>Other costs</b>						
Support staff costs	215			180		
Occupancy costs	86			59		
Other support costs	70			42		
		371			281	
<b>Total expenditure</b>			(1,437)			(1,197)
<b>Surplus</b>			207			85
<b>Transfer between funds</b>			(117)			(15)
<b>Surplus from all sources</b>			90			70
<b>Teaching School balances at 1 September</b>			216			146
<b>Teaching School balances at 31 August</b>			306			216