

Company registration number 07338707 (England and Wales)

**THE CHARTER SCHOOLS EDUCATIONAL TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2022**

THE CHARTER SCHOOLS EDUCATIONAL TRUST

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THE CHARTER SCHOOLS EDUCATIONAL TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Members

E Amadi MVO
S Bowler
E Brown
M Gibbs CBE
J Godfrey

Trustees

E Amadi MVO (Vice Chair) (Resigned 18 March 2022)
S Russell
S Tucker
J Godfrey
C Buchanan (Accounting officer)
C Maugham (Co-Chair)
S Latham
K Robinson
J Slater (Co-Chair)
C Wren (Appointed 19 January 2022)
A Wright (Appointed 19 January 2022)
H Gough (Appointed 10 November 2022)

Senior management team

| | |
|--|--------------|
| - CEO | C Buchanan |
| - CFO | G Griffith |
| - Executive Headteacher (Charter School North Dulwich and Charter School East Dulwich) (resigned 31 August 2022) | C Hicks |
| - Headteacher (Charter School East Dulwich) | A Harbottle |
| - Headteacher (Charter School North Dulwich) (from 1 September 2022) | M Pain |
| - Headteacher (Charles Dickens Primary School) | M Eggleton |
| - Headteacher (Dulwich Hamlet Junior School) | C Purcell |
| - Headteacher (The Belham Primary School) | E Cohen |
| - Co-headteacher (Lyndhurst Primary School) (resigned 31 August 2022) | J Nowakowska |
| - Co-headteacher (Lyndhurst Primary School) (resigned 31 August 2022) | N Hammill |
| - Headteacher (Lyndhurst Primary School) (from 1 September 2022) | T Turnham |
| - Head of Governance and Compliance | S Varcoe |

Company secretary

S Varcoe

Company registration number

07338707 (England and Wales)

Registered office

The Charter School North Dulwich
Red Post Hill
London
SE24 9JH

THE CHARTER SCHOOLS EDUCATIONAL TRUST

REFERENCE AND ADMINISTRATIVE DETAILS

Academies operated

The Charter School North Dulwich
The Charter School East Dulwich
Charles Dickens Primary School
Dulwich Hamlet Junior School
The Belham Primary School
Lyndhurst Primary School

Location

Southwark
Southwark
Southwark
Southwark
Southwark
Southwark

Head Teacher

C Hicks
C Hicks
M Eggleton
C Purcell
E Cohen
N Hammill & J Nowakowska

Independent auditor

Azets
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ
United Kingdom

Bankers

Royal Bank of Scotland plc
Sheffield Attercliffe Branch
747 Attercliffe Road
Sheffield
South Yorkshire
S9 3RF
United Kingdom

THE CHARTER SCHOOLS EDUCATIONAL TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2022

The trustees present their annual report together with the accounts and auditor's report of the charitable company for the year 1 September 2021 to 31 August 2022. The annual report serves the purposes of both a trustees' report, and a directors' report and strategic report under company law.

The multi academy trust operates two inclusive secondary schools for pupils aged 11-19, three primary schools, two with an attached nursery, and one junior school all predominantly serving communities in the London Borough of Southwark.

- The Charter School North Dulwich had a roll number of 1271 with a capacity of 1284 in 2021/22.
- The Charter School East Dulwich had a roll number of 963 and a capacity of 960 in 2021/22.
- Charles Dickens Primary School has a roll number of 489 in the school and 52 full time equivalent places in the nursery and a capacity of 483 in the school and 52 in the nursery in 2021/22.
- The Belham Primary School has a roll number of 400 and a capacity of 420 in 2021/22.
- Lyndhurst Primary School has a roll number of 408 in the school and 34 full time equivalent places in the nursery and a capacity of 420 in the school and 34 in the nursery in 2021/22.
- Dulwich Hamlet Junior School has a roll number of 358 and a capacity of 360 in 2021/22.

Structure, governance and management

Constitution

The charitable company is known as The Charter Schools Educational Trust. The Charter Schools Educational Trust is a company limited by guarantee with no share capital (registration no. 07338707) which was incorporated on 6 August 2010. The Trust is an exempt charity and is regulated by the Department for Education (DfE).

The Trust's memorandum and articles of association are the primary governing documents. Members of the charitable company are nominated by their peers. The articles of association require the members of the company to appoint at least one Trustee to be responsible for the affairs of the charitable company.

The principal goal of The Charter Schools Educational Trust is to advance, for the public benefit, education in the United Kingdom by establishing and running schools that serve the needs of their local communities.

The charitable company receives funding under the terms of its Funding Agreement entered into with the Secretary of State for Education.

The trustees of The Charter Schools Educational Trust are also the directors of the charitable company for the purposes of company law. Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Method of recruitment and appointment or election of trustees

In line with the articles of association, the number of Trustees shall be not less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum. "Trustees" means the directors of the Trust (and "Trustee" means any one of those directors), subject to the definition of this term as set out in the articles. Six Trustees are appointed by the Members, and up to five Trustees can be co-opted by the Member appointed Trustees.

There are no elected parent Trustees on the Board as the Trust has local governing bodies in each school and each of these has, as part of its constitution, two elected parent governors.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Policies and procedures adopted for the induction and training of trustees

There is a rigorous process for recruitment with appropriate vetting, and skills requirements for the board are carefully considered. The training and induction provided for new Trustees depends on their existing experience. The Trust has adopted a common policy for the induction and training of both Trustees and Governors who sit on the local governing bodies. Training is provided by a mix of in house and by external agencies. Trustees and Governors are signposted to policies, procedures, minutes and accounts that they will need to undertake their role. In addition, the Trust subscribes to several professional organisations which give Trustees and Governors a wealth of up-to-date guidance and support. This includes membership of the National Governance Association (NGA) and the Confederation of School Trusts (CST).

All Trustees are aware of their role and duties as company directors and charity trustees. This is in line with the Companies Act 2006 and all have accessed information from the Charity Commission guidance CC3 "The essential trustee: what you need to know, what you need to do". Trustee training provided by the NGA and the local authority have also been made available. Trustees at The Charter Schools Educational Trust are fully compliant in all aspects.

Trustees and Governors

The Charter Schools Educational Trust is the body legally responsible for the operation of each school within the group. The Trustees are listed in this report. The memorandum of association, articles of association and funding agreements form the basis of how each school is governed.

The Trust's schools each have a local governing body (LGB), the remit of which is to help the Trustees to hold to account their senior leaders for the achievement, safeguarding and wellbeing of the individual school's pupils. The roles and responsibilities of the LGBs is defined within the Trust Scheme of Delegation.

Trustees and Local Governors are appointed based upon the contribution they can make to the development and success of the Trust and its schools. The Trust considers the balance of skills and expertise as well as considering the diversity of the Board when making appointments. The Trust uses external platforms such as Inspiring Governance and Governors for schools to support the recruitment of new governance volunteers.

New Trustees and Local Governors are interviewed by experienced Members, Trustees or Local Governors, depending on the vacancy, supported by the Head of Trust Governance. They are given a formal introduction to the Trust and an opportunity to meet with the relevant Headteacher/CEO before their first full meeting. We ensure that at least one member of any appointment panel will have up to date safer recruitment training.

During the year under review, the Trustees held four full Board meetings and an additional strategy meeting. This year, as we recovered from the pandemic, meetings returned to in-person and Trustees and Local Governors have had the opportunity to visit the schools in person once again as part of their scrutiny and oversight activities.

We continued to realise the benefits of virtual meeting technology to support Trustee and Governor attendance at committee meetings and training sessions.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Organisational structure

In accordance with the funding agreement with the Education Funding & Skills Agency (ESFA), an agency of the DfE, the Trustees have made governance arrangements as described above. The Trustees are responsible for ensuring that high standards of corporate governance are maintained.

Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the schools by use of their budget and strategic development plans and making major decisions about the direction of the schools, their capital expenditure and senior staff appointments. They exercise their powers and functions with a view to fulfilling a largely strategic leadership role in the running of the schools, addressing such matters as:

- Setting the overall Trust Mission, Vision, and Values
- Assessing and managing risk across the Trust
- Agreeing the Trust's Development Plan and KPIs
- Ensuring compliance with legal requirements under Company and Charity law
- Ensuring sound financial management and administration
- Establishing and maintaining effective internal controls
- The management of all resources including estates
- The monitoring of educational standards
- Ensuring compliance with the Trust's responsibilities in respect of Safeguarding, Data Protection and Health and Safety
- Helping the schools to be responsive to the needs of parents, carers and our communities

The Trust Board had the following Trust Board committees during the year in question:

- Finance and Audit & Risk – Statutory committee which met four times
- Pay Committee – Statutory committee which met twice
- Standards Committee – which met three times
- EDI Committee - which met three times

The Board's committee structure is reviewed each year and each committee has agreed terms of reference.

The Trust also ensures that there is a Local Governing Body, which includes elected parent governors and elected staff governors, for each school. The Trustees delegate the responsibilities for the strategic oversight of each school to the Local Governing Body (LGB) as defined in the Trust Scheme of Delegation. The Headteacher of each school is a member of the LGB, ex officio.

The Trust Executive Team, consisting of the CEO, Headteachers and other executive leaders run the Trust and its schools at an executive level by implementing the policies laid down by Trustees and reporting back to them regularly.

The Headteachers across the Trust are responsible for the authorisation of spending within agreed budgets and limits as defined by the Scheme of Delegation, and for the appointment of staff in their respective schools.

Arrangements for setting pay and remuneration of key management personnel

The Trust has an appropriate policy and Terms of Reference in place. The pay of the Headteachers and the CEO of the Trust is determined by the Trust's Board in the Autumn Term. The Trust's Pay Committee make recommendations for ratification by the Trust Board.

Related parties and other connected charities and organisations

There are no organisations that directly sponsor The Charter Schools Educational Trust. Individual schools within the Trust may have PTA organisations which are registered as charities and operated separately from the Trust.

Transactions with connected organisations during the year under review have been disclosed in note 24, related party transactions. This note to the financial statements provides disclosure of related party transactions that took place in the period of account in addition to certain trustee's remuneration and expenses as disclosed in note 12.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Objectives and activities

Objects and aims

The principal object and activity of the charitable company is the operation of non-selective schools to advance, for the public benefit, the outcomes of all its pupils between the ages of 3 and 19.

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

Objectives, strategies and activities

The Trust's mission is to inspire and nurture children and young people in South London to excel, through education that transforms lives and strengthens our diverse communities.

The Trust's strategic aims are:

Schools that excel

- All our pupils achieve higher outcomes than national comparators and have the knowledge, skills and confidence to succeed at the next stage of their educational journey
- Greatest support for those pupils who need it most
- Commitment to continuous improvement
- Evidence-informed teaching within a powerful knowledge curriculum
- Deliberate and proactive teaching of positive behaviours
- Broad and rich opportunities for pupils to develop creativity through learning about and participation in the arts
- Promoting leadership and community service for all pupils
- Families valued as partners.

People that inspire

- A clear talent-management strategy for all roles
- Trust-wide career development programme
- An employer of choice in South London
- Developing leaders who reflect the diversity of our community
- A sector leader for staff wellbeing
- A successful Teaching School Hub and EEF Research School.

Partnerships that make a difference

- Mobilising evidence-informed knowledge of 'what works'
- Working together to improve outcomes for all our pupils
- Sharing strong practice and resources
- Promoting innovation in our schools
- Amplifying our learning to improve the sector

Public benefit

The Trustees have complied with their duty to have due regard to the guidance on public benefit issued by the Charity Commission in exercising their powers and duties.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Strategic report

Achievements and performance

The last academic year has been characterised by the resilience and dedication of the Charter Trust family as we have adjusted to the changing national landscape, including the return to key stage 2 tests, GCSE and A level examinations, following two years of pandemic disruption. Our focus on school improvement continued at pace with a sharp focus on curriculum development at primary and all schools made huge efforts to reinstate the clubs and experiences that make learning memorable and fun.

The enrichment highlights included a Trust music sharing for our primary schools, inter-school sports fixtures in primary and secondary, the return of Duke of Edinburgh expeditions in secondary, world book day, Black history month, primary school residential trips for older pupils. The secondary careers programme was also reinstated with the first work experience week since the start of the pandemic as well as Careers week and a speaker programme.

There were many opportunities to reaffirm the quality of education within our schools. In June 2022, Ofsted inspected The Charter School North Dulwich and North Dulwich was evaluated to be Outstanding in all areas. With a trust-wide focus on curriculum and SEND, the inspectors independently acclaimed the school's ambitious and well-sequenced ambitious curriculum and the provision in place for students with SEND.

No other schools were inspected during the year but all our schools engaged in an annual external review programme and of the five schools who received a review all were evaluated to be effective and three schools evaluated as 'Leading' with national areas of excellence. Our national areas of excellence included primary curriculum development, mental health and wellbeing and primary science.

Our Teaching School Hub also had a hugely successful year training over 300 Early Career Teachers and providing leadership programmes for over 150 school leaders with the delivery of National Professional Qualifications.

The Charles Dickens Research School matched our Hub successes with delivery of over 10 research-informed projects and programmes in areas across London and the South East as well as the leadership of an early pipeline project of reading fluency. Our research school was successful reaccredited in the summer term which secures its funding for the next three years.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Key performance indicators

In 2022, following the COVID pandemic, statutory external exams and assessments took place for the first time since 2019.

Key Stage 4 and Key Stage 5

The Charter School North Dulwich performed extremely well at both GCSE and A level despite the previous two years' disruption. The Charter School East Dulwich had its first set of external GCSE results and these were very strong. The Charter School East Dulwich will not have its first A level results until 2023.

Both schools attained very well and attainment would be considered well above average based on previous national comparators. Neither Key stage 5 or Key Stage 4 outcomes were comparable to previous two years data due to the unique nature of the assessment process in 2020 and 2021. The outcomes are in line however with 2019.

Key Stage 4 Outcomes

The Charter School North Dulwich

- % students achieving grade 5 or above in English and Maths: 78.4% (national 49.6%)
- % students entering EBacc: 74.4% (national 38.7%)
- Average Attainment 8 of all students: 64.31 (national 48.7)
- Progress 8: +0.7

The Charter School East Dulwich

- % students achieving grade 5 or above in English and Maths: 62% (national 49.6%)
- % students entering EBacc: 80% (national 38.7%)
- Average Attainment 8 of all students: 56.95 (national 48.7)
- Progress 8: +0.47

Key Stage 5 Outcomes - The Charter School North Dulwich

- Average point score expressed as a grade: A- (national B*)
- Average Applied General result: Distinction (national Distinction -*)
- % students achieving AAB or Higher: 39%

Key stage 2 outcomes

The individual schools performed well compared to national, however there are areas we will be working on to improve following the disruption of the previous two years caused by the pandemic. However, in every case the Trust's KS2 results for all pupils have not fallen as much as the national data.

Trust Key Stage 2 data (EXS – Expected Standard; GDS – Greater Depth Standard):

- Trust Combined EXS 75% (national 59%)
- Trust Combined GDS 18% (national 7%)
- Trust Reading EXS 88% (national 74%)
- Trust Reading GDS 49% (national 28%)
- Trust Writing EXS 83% (national 69%)
- Trust Writing GDS 31% (national 13%)
- Trust Maths EXS 82% (national 71%)
- Trust Maths GDS 34% (national 22%)

The Trust secondary schools remain oversubscribed and the new Sixth Form at East Dulwich also reached its full intake of students. There is a fall in numbers of school-aged children in Southwark and whilst all the primary schools had a full intake for reception-aged pupils and year three aged pupils (Dulwich Hamlet Junior School), there was a fall in the number of applications overall and this reflects the London-wide picture. It will be an area the Trust continues to monitor closely for financial risk.

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, the board of trustees continues to adopt the going concern basis in preparing the accounts. Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Financial review

The Trust has the following financial objectives:

- To generate sufficient levels of income to support the operations and asset base of the Trust schools;
- To ensure the charitable company sets a budget that provides sufficient and targeted resources to achieve the highest possible standards of educational attainment in the schools;
- To achieve an annual operating surplus at the Trust level;
- To use the pupil premium effectively to raise standards for all pupils in this category and to address any gaps in the achievement of these pupils when compared to that of their peers'
- To ensure there is sufficient capital expenditure to develop the charitable company's sites and environments to meet the challenges of teaching and learning in the 21st century; and
- To allocate carried forward funds for continued capital investment in order to improve achievement as its schools.

Sound financial control is ensured by the structure of governance including the Scheme of Delegation and committee terms of reference.

In the year ended 31 August 2022 the trust incurred the following surpluses / (deficits) before transfers on its key funds :-

| Unrestricted Funds | | Restricted General Funds | | Restricted Fixed Asset Funds | |
|--------------------|---------|--------------------------|-----------|------------------------------|----------|
| 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| £1,854k | £1,805k | (£5,021k) | (£3,495k) | £408k | £38,988k |

After transactions between funds and recognised gains / (losses) on the defined benefit pension scheme the Trust held the following funds as at 31 August 2022:-

| Unrestricted Funds | | Restricted General Funds (including pension liability) | | Restricted Fixed Asset Funds | |
|--------------------|---------|---|---------|------------------------------|--------|
| 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| £746k | £1,456k | (£0.8m) | (£8.2m) | £65.3m | £65.4m |

The majority of the charitable company's income for the year ended 31 August 2022 was obtained from the ESFA in the form of a general annual grant (GAG) and other grants. This income totalled £27.3m (2021: £21.0m) and represents 81% (2021: 84%) of the total income received in the year if assets and liabilities donated on conversion are excluded from total income.

During the year ended 31 August 2022, total expenditure of £36.4m (2021: £26.8m) was not fully covered by recurrent grant funding from the ESFA together with income from other sources.

The total charge relating to the pension liability of £1,932k (2021: £1,194k) and expenditure on the fixed asset fund of £1,214k (2021: £1,102k) relating to the annual depreciation charge contributed to a deficit of £2,759k (2021: surplus £37,298k). The excess of expenditure over income for the year (excluding restricted fixed asset fund and before transfers between funds) was £3.2m (2021: £1.7m)

At 31 August 2022 the net book value of fixed assets was £64.7m (2021: £65.4m) and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Trust.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Reserves policy

The Trustees have agreed to maintain a target of 2% of the total income of the Trust to mitigate the risk of future income reduction and increased expenditure, and to provide funds to support the growth and development of the Trust.

The key financial risks for The Charter Schools Educational Trust are a reduction to future income due to Government funding changes and/or falling pupil roll, or delays in receipt of grant funding, and an increase in expenditure caused by increases in public sector pay and pension costs.

The Trustees and the executive management team are acutely aware of the need to balance financial prudence with maintaining the top-quality education The Charter Schools Educational Trust prides itself on.

During the accounting period the Trustees have reviewed the reserves of the Trust. This review encompassed the nature of income and expenditure streams, the need to match them with commitments and the nature of the reserves. The Trustees are satisfied that its reserves are sufficient for its current purposes. The level of reserves will be kept under review by the Trustees.

The total reserves as at 31 August 2022 amounted to £65.3m (2021: £58.7m) which comprised primarily of restricted fixed asset reserves. The unrestricted reserves amounted to £746k (2021: £1,456k).

The charitable company has a pension scheme liability of £0.8m (2021: £8.2m) as at 31 August 2022 which is included in the restricted reserves. The disclosure does not mean that the liability is already committed and is no longer available to the Trustees to further the charitable company's objectives. Parliament has agreed, at the request of the Secretary of State for Education, in the event of academy closure, outstanding Local Government Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013. In the short term, the cash flow impact of having a pension scheme liability may be that employer contributions may increase in order to reduce the liability. The Trust will always pay the employer contribution rates set by the pension scheme administrators.

Sustainability

The charitable company is committed to sustainable development throughout all aspects of its operations. The charitable company will continue to strive to meet or exceed the Sustainable Development in Government targets. This year the focus was on the delivery of capital projects to reduce energy consumption and improve the energy efficiency of our school estate. Capital projects included the installation of LED lighting in some schools, Solar Panels, single glazed window replacement and the replacement of a single loop heating system.

Investment policy

The Trust has procedures in place to regularly monitor cash flow and current account balances to ensure immediate financial commitments can be met (payroll and payments runs) and that the current account has adequate balances to meet forthcoming commitments. In practice, a working balance of one month's payroll costs will be maintained.

The Trust will normally seek to avoid its current account going overdrawn and will identify funds surplus to immediate cash requirements. The surplus funds are transferred to the charitable company's deposit account (for the time being) which bears a higher interest rate. The investment policy restricts future long-term deposits to not exceed £500k with an individual banking institution.

The Trust's current policy is to only invest funds in immediately accessible deposit accounts. Rates of return on investments are reviewed and alternative strategies considered at least annually.

The Trust Board will review annually any change in policy.

Principal risks and uncertainties

The Trustees have identified and assessed the major risks to which the charitable company is exposed. Formal risk management processes have been designed and implemented to mitigate those risks, including the provision of appropriate insurances, suitable financial procedures and other policies and procedures.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Financial and risk management objectives and policies

The Trustees have considered the risks and uncertainties faced by the Trust. These include: the risks posed by reductions in government funding and increasing costs; any and all risks to the reputation of the schools operated by the Trust; and the operational risks associated with the delayed delivery of the second phase of The Charter School East Dulwich site. There is also the additional financial risk linked to the operation of a Teaching School Hub and EEF Research School where the income is primarily grant driven and revenue from participants on its training programmes. The Trust has to be mindful during this year and subsequent years of the additional costs incurred by the schools due to COVID-19 recovery, especially where additional funding has not been provided by the ESFA.

The steps taken by the Trust to mitigate these risks include:

- Strong governance with adherence to Academies Trust Handbook and guidance therein from the ESFA and supported by a planned programme of meetings.
- To ensure stability of financial plans comprehensive budgeting and monitoring systems take place with an annual budget and periodic financial performance against forecast and of major purchase plans. Capital work and expenditure programmes are also closely monitored
- The identification and management of risks with established risk registers at each school and a Trust-wide risk register being implemented and monitored regularly.
- The appointment of Southwark Council's Regeneration – Capital Works department as delivery partner in respect of managing the building of The Charter School East Dulwich's permanent buildings.
- The addition of the Accounting Officer to the steering groups related to the building of the The Charter School East Dulwich
- The centralisation of the finance operations to a Trust team based at the Trust registered offices.

Fundraising

Streamlined energy and carbon reporting

As the Trust has not consumed more than 40,000 kWh of energy in 2020/21 it qualified as a low energy user under these regulations and was not required to report on its emissions, energy consumption or energy efficiency activities.

| | 2022 | 2021 |
|--|----------------------|----------------------|
| | kWh | kWh |
| <i>Energy consumption</i> | | |
| Aggregate of energy consumption in the year | | |
| - Gas combustion | 1,201,890 | - |
| - Fuel consumed for transport | 31,107 | - |
| - Electricity purchased | 1,447,242 | - |
| | <u>2,680,239</u> | <u>-</u> |
| | | |
| | 2022 | 2021 |
| | metric tonnes | metric tonnes |
| <i>Emissions of CO2 equivalent</i> | | |
| Scope 1 - direct emissions | | |
| - Gas combustion | 218.97 | - |
| - Fuel consumed for owned transport | 7.17 | - |
| | <u>226.14</u> | <u>-</u> |
| Scope 2 - indirect emissions | | |
| - Electricity purchased | 276.73 | - |
| Scope 3 - other indirect emissions | | |
| - Fuel consumed for transport not owned by the Trust | - | - |
| | <u>502.87</u> | <u>-</u> |
| <i>Intensity ratio</i> | | |
| Tonnes CO2e per pupil | <u>0.12</u> | <u>-</u> |

THE CHARTER SCHOOLS EDUCATIONAL TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Quantification 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 2021 UK Government’s Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2 equivalent per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

The Trust has taken the following actions to improve energy efficiency in its schools as part of its strategic planning. Various projects are in progress at different schools including new boilers, window replacement, solar panels and LED light fittings. Three schools have applied for funding to carry out a feasibility study to understand where efficiencies can be made and this study will support future funding applications.

Plans for future periods

The Trust plans to further to enhance the performance of all its schools by building a strong central school improvement team and continuing to provide robust and efficient centralised business services. The Trust is also actively engaged in discussions with other schools from all phases to explore further growth to ensure that it can deliver an outstanding education for more children in our key target areas in South London, whilst being an employer of choice. The Trust continues to seek to build on our current strengths by exploring partnerships with schools who offer unique provisions such as children’s centres, alternative or additional provisions and technical qualifications.

The work of the Teaching School Hub and associated activities continues to generate income which can support the expansion of this teacher development work which in turn can lead to income generate through external school-to-school support by employees of the Trust.

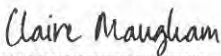
Auditor

In so far as the trustees are aware:

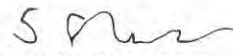
- there is no relevant audit information of which the charitable company’s auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

A resolution proposing that Azets be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on and signed on its behalf by:



.....
C Maugham
Co-Chair



.....
J Slater
Co-Chair

13/12/2022 | 14:25 GMT

13/12/2022 | 06:11 PST

THE CHARTER SCHOOLS EDUCATIONAL TRUST

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2022

Scope of responsibility

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

The board of trustees has delegated the day-to-day responsibility to the CEO, C Buchanan, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Charter Schools Educational 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 Trust's main board has met 5 times during the year. The Trust's Finance and Audit & Risk committee met four times in the year. The Trust and its six local governing bodies (LGBs) have a calendar of meetings agreed in advance and met at least four times during the accounting period. The Finance and Audit & Risk committee, the LGB's, and any other committees report back to the Trust Board. The responsibilities of the Trust and its committees are clearly set out in the Terms of Reference and the Trust's Scheme of Delegation.

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:

| Trustees | Meetings attended | Out of possible |
|---|-------------------|-----------------|
| E Amadi MVO (Vice Chair) (Resigned 18 March 2022) | 2 | 3 |
| S Russell | 4 | 5 |
| S Tucker | 4 | 5 |
| J Godfrey | 5 | 5 |
| C Buchanan (Accounting officer) | 5 | 5 |
| C Maugham (Co-Chair) | 5 | 5 |
| S Latham | 5 | 5 |
| K Robinson | 4 | 5 |
| J Slater (Co-Chair) | 4 | 5 |
| C Wren (Appointed 19 January 2022) | 2 | 2 |
| A Wright (Appointed 19 January 2022) | 2 | 2 |
| H Gough (Appointed 10 November 2022) | 0 | 0 |

THE CHARTER SCHOOLS EDUCATIONAL TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

The key change in board composition over the last year was:

- Manny Amadi's Term of office as a Trustee ended and was not renewed
- Claire Wren was appointed as a Trustee
- Alex Mavolwane Wright was appointed as a Trustee

The Trust Board has continued to ensure that the governance structure of the Trust is suitable for a growing MAT, with work continuing towards a governance structure which has clear lines separation between the various governance layers, in line with the DfE's preference for best practice. This was achieved following the end of Manny Amadi's term of office as a Trustee (he remains as a Member) and the Chair of the Trust Board from the end of 2021-22 will no longer sit as a Member (ex-officio).

Trust Full Board meetings were held in person except where local health alerts advised against this, but some committee meetings continued to be held online as the advances in modern virtual meeting technology have facilitated improved attendance from volunteers at the increased number of committee meetings over the course of the year.

The Trust continues to employ a Head of Trust Governance, supported by an additional Governance Professional. Their main objectives are to:

- Providing advice to the Trust board and its committees, including Local Governing Bodies, on governance, constitutional and procedural matters.
- Providing effective administrative support to Trust Members, the Trust Board, Local Governing Bodies and their committees.
- Ensuring the Trust Board and all committees are properly constituted.
- Managing information effectively in accordance with legal requirements under charity law and company law.
- Coordinating Trust policies.
- Acting as Company Secretary.

Trustees and Local Governors have continued to attend regular training updates on key areas of governance throughout the year as provided by the in-House team, and a variety of paid for services including Southwark Governor Services, Judicium and the National Governance Association Learning Link, in order to offer greatest flexibility for governance volunteers in accessing relevant training and encouraging participation to increase Trustee and Governor skills and knowledge. All Trustees and Governors received updated Safeguarding and online safety training during the course of the year.

The Trust carried out an external review of Governance in 2020 and the actions from this have been completed over the past two years, including a review of our governance roles, responsibilities and committee structure, and revised articles of association and scheme of delegation. The next external review is planned for Autumn 2023 which is expected to coincide with our next period of significant growth.

During the course of the 2021-22 year the Trust commissioned an external review of Safeguarding governance, and this is being used to inform our Trust Safeguarding strategy going forward.

The ESFA carried out a Financial Governance and Management Review of the Trust in November 2021, and the report confirmed that the Trust was compliant with the Academies Trust Handbook. It made several best practice recommendations, and these were acted upon and responded to by the end of the year to the satisfaction of the ESFA.

In addition to this the Trust Board and Local Governing Bodies undertook a self-evaluation process in the summer term to ensure that they remain effective in ensuring that the Trust meets its core objectives.

This year an area of focus has been around ensuring that the Local Governance layer has the right skills and expertise in place to support our schools, through careful and aligned recruitment practice and regular training on key aspects of governance responsibilities. The Trust also continues to work towards improving engagement with all its schools as the Trust grows, especially following the restrictions brought about by the two years of pandemic preventing as many in-person visits and meetings as would have been preferred.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Conflicts of interest

The Trust maintains a register of Interest for Trustees, and this is updated and confirmed regularly so that they can be monitored for potential conflicts on a continuous basis.

All new Trustees are advised that they will have to declare any interests and must sign the Trust Governance Code of Conduct to confirm that they will always act in the best interests of the Trust and its schools at all times, and not act in the interest of, or as a representative of, any group or individual. Trustees must also declare any interest they may have in an item of business on the agenda and immediately remove themselves from the meeting while it is under discussion. Any conflict of interest will be declared at the start of any meeting, should the situation arise.

Financial oversight

As part of its governance structure, a Finance and Audit & Risk Committee meets four times per year, who have the delegated responsibility for the oversight of the Trust's funds and Risk Management, including non-financial risks.

The Finance, Audit and Risk committee is a joint committee of the main board of trustees. The Finance and the Audit & Risk Committees are run as one committee as the Trusts annual turnover is less than £50m but this is kept under review as the Trust grows. Its purpose is to:

Financial policy and planning

- To review, adopt and monitor a Finance Policy which includes the local scheme of delegation for spending and budgetary adjustments (virements) for the committee, Trust executive team, headteacher and other nominated staff.
- To review, adopt and monitor all additional financial policies, including a charging and remissions policy.
- To establish and maintain a three-year financial plan, taking into the account priorities of the Trust Development Plan, roll projection and signals from central government and (if applicable) the LA regarding future years' budgets, within the constraints of available information.
- To draft and propose to the Trust Board for adoption an annual school budget considering the priorities of the Trust and School Development Plans.
- To ensure that sufficient funds are set aside for pay increments as set out in the Pay Policy and as recommended by the Headteachers and approved by the local governing bodies.

Financial monitoring

- To monitor the income and expenditure throughout the year of all delegated and devolved funds against the annual budget plan.
- To receive at least termly budget monitoring reports from the CFO.
- To report back to each meeting of Trust Board and to alert them of potential problems or significant anomalies at an early date.
- To prepare the Trustees Report to form part of the Statutory Accounts of the Trust Board and for filing in accordance with Companies Act requirements.
- To receive auditors' reports and to recommend the Trust Board action as appropriate in response to audit findings.
- To recommend to the Trust Board and the Members the appointment or reappointment of the auditors

Audit and Risk

- Reviews the auditor's findings and actions taken by the Trust Executive Team in response to those findings.
- Produces an annual report of the committee's conclusions to advise the Trust Board and members.
- Has delegated responsibility on behalf of the Trust Board for examining and reviewing all systems and methods of control both financial and otherwise including risk analysis and risk management; and for ensuring the Trust is complying with the overall requirements for internal scrutiny, as specified in the Academies Trust Handbook (previously known as the Academies Financial handbook).
- Conducts a regular review of the risk register
- Agrees an annual programme of internal scrutiny / audit, which is objective and independent, covering systems, controls, transactions, and risks.
- Advise the Trust Board on the adequacy and effectiveness of the trust's systems of internal control, governance, and risk management processes,
- Considers the appropriateness of executive action following internal audit/internal scrutiny reviews and to advise the board on any additional or alternative steps to be taken.
- Oversees the annual review of the Trust's risk register.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Attendance at meetings in the year was as follows:

| Trustees | Meetings attended | Out of possible |
|---------------------------------|-------------------|-----------------|
| S Russell | 4 | 4 |
| S Tucker | 3 | 4 |
| C Buchanan (Accounting officer) | 4 | 4 |
| S Latham | 3 | 4 |

Review of value for money

As accounting officer during the year, C Buchanan 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 Trust has delivered improved value for money during the year by:

- Providing school improvement support to all schools which ensured all outcomes and external evaluations were at least good overall
- Training teachers and leaders through the Early Career Framework and National Professional Qualifications which supports a more effective workforce and has supported the retention of talent
- Improving the resilience of internal controls through the adoption of internal audit procedures;
- Reviewing the Trust procurement policy; and
- Consolidating major contracts including for HR, compliance training, Data protection, governor services, school external evaluations, finance systems
- Introduction of software systems and support to increase efficiency and reduce duplication

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 The Charter Schools Educational Trust for the period 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2021 to 31 August 2022 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the board of trustees.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

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 the Finance and Audit & Risk committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Trustees are aware of the need for a specific internal audit function, which is separate from the external audit function in line with the requirements of the Academies Trust Handbook 2021, and appointed TSO Education as internal auditor for 2021/22. The reports are received by the Finance and Audit & Risk Committee and reported as appropriate to the Trust.

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

- Review of Trust centralised finance function in its first full year of operation
- Compliance of Trust single central record
- Compliance of all Trust and school websites

The Academy Trust can confirm the internal auditor has delivered their schedule of work as planned and no material control issues were raised.

Review of effectiveness

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

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

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Audit & Risk Committee and will ensure continuous improvement of the system is in place.

Approved by order of the board of trustees on and signed on its behalf by:

Cassie Buchanan

C Buchanan
Accounting officer

14/12/2022 | 03:13 PST

Claire Maugham

C Maugham
Co-Chair

13/12/2022 | 14:25 GMT

THE CHARTER SCHOOLS EDUCATIONAL TRUST

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2022

As accounting officer of The Charter Schools Educational Trust, I have considered my responsibility to notify the 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 Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2021.

I confirm that I and the Trust's board of trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academy Trust Handbook 2021.

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.

Cassie Buchanan

C Buchanan
Accounting Officer

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THE CHARTER SCHOOLS EDUCATIONAL TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2022

The trustees (who are also the directors of The Charter Schools Educational Trust for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2021 to 2022 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 accounts for each financial year. Under company law, the trustees must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period.

In preparing these accounts, the 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 2021 to 2022;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The 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 accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The 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 that grants received from ESFA/DfE have been applied for the purposes intended.

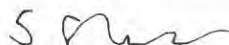
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Approved by order of the members of the board of trustees on and signed on its behalf by:



C Maugham
Co-Chair

13/12/2022 | 14:25 GMT



J Slater
Co-Chair

13/12/2022 | 06:11 PST

THE CHARTER SCHOOLS EDUCATIONAL TRUST

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO THE CHARTER SCHOOLS EDUCATIONAL TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2022

In accordance with the terms of our engagement letter dated 29 June 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Charter Schools Educational Trust during the period 1 September 2021 to 31 August 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Charter Schools Educational Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the The Charter Schools Educational 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 The Charter Schools Educational Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Charter Schools Educational Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Charter Schools Educational Trust's funding agreement with the Secretary of State for Education dated 1 September 2010 and the Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including high level financial control areas and areas assessed of presenting a higher risk of impropriety. We undertook detailed testing, based on our assessment of risk of material irregularity, where such controls, policies and procedures apply to classes of transactions. This work was integrated with our audit on the financial statements to the extent evidence from the conduct of that audit supports the regularity conclusion as well as additional testing based on our assessment of risk of material irregularity.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

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

FOR THE YEAR ENDED 31 AUGUST 2022

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Azets
Greytown House
221-227 High Street
Orpington
Kent
BR6 0NZ
United Kingdom

Dated:15 December 2022

THE CHARTER SCHOOLS EDUCATIONAL TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHARTER SCHOOLS EDUCATIONAL TRUST

FOR THE YEAR ENDED 31 AUGUST 2022

Opinion

We have audited the accounts of The Charter Schools Educational Trust for the year ended 31 August 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the accounts, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the accounts and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the accounts themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHARTER SCHOOLS EDUCATIONAL TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error. In preparing the accounts, the trustees are responsible for assessing the 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 charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CHARTER SCHOOLS EDUCATIONAL TRUST (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of senior leadership, Governors/Trustees and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations including compliance with the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency;
- Performing audit work over the recognition of grant income and the allocation of expenditure to funds;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Use of our report

This report is made solely to the 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.

Michelle Wilkes FCA (Senior Statutory Auditor)
for and on behalf of Azets

15 December 2022
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Chartered Accountants
Statutory Auditor

Greytown House
221-227 High Street
Orpington
Kent
United Kingdom
BR6 0NZ

THE CHARTER SCHOOLS EDUCATIONAL TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2022

| | | Unrestricted funds | Restricted funds: | | Total 2022 | Total 2021 as restated |
|---|-------|-----------------------|-------------------|---------------|---------------|------------------------------|
| | Notes | £'000 | General | Fixed asset | £'000 | £'000 |
| Income and endowments from: | | | | | | |
| Donations and capital grants | 3 | 49 | 20 | 1,622 | 1,691 | 604 |
| Donations - transfer from local authority on conversion | | - | - | - | - | 29,439 |
| Donations - transfer of existing academy into the trust | | - | - | - | - | 9,766 |
| Charitable activities: | | | | | | |
| - Funding for educational operations | 4 | - | 29,145 | - | 29,145 | 22,568 |
| - Teaching school | | - | 449 | - | 449 | 312 |
| Other trading activities | 6 | 2,305 | - | - | 2,305 | 1,442 |
| Investments | 5 | 1 | - | - | 1 | 1 |
| Total | | <u>2,355</u> | <u>29,614</u> | <u>1,622</u> | <u>33,591</u> | <u>64,132</u> |
| Expenditure on: | | | | | | |
| Charitable activities: | | | | | | |
| - Educational operations | 9 | 501 | 34,635 | 1,214 | 36,350 | 26,455 |
| - Teaching school | | - | - | - | - | 379 |
| Total | 7 | <u>501</u> | <u>34,635</u> | <u>1,214</u> | <u>36,350</u> | <u>26,834</u> |
| Net income/(expenditure) | | 1,854 | (5,021) | 408 | (2,759) | 37,298 |
| Transfers between funds | 17 | (2,564) | 3,089 | (525) | - | - |
| Other recognised gains/(losses) | | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 19 | - | 9,360 | - | 9,360 | (797) |
| Net movement in funds | | (710) | 7,428 | (117) | 6,601 | 36,501 |
| Reconciliation of funds | | | | | | |
| Total funds brought forward | | 1,456 | (8,181) | 65,437 | 58,712 | 22,211 |
| Total funds carried forward | | <u>746</u> | <u>(753)</u> | <u>65,320</u> | <u>65,313</u> | <u>58,712</u> |

THE CHARTER SCHOOLS EDUCATIONAL TRUST

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

| Comparative year information Year ended 31 August 2021 As restated | Notes | Unrestricted funds £'000 | Restricted funds: General £'000 | Fixed asset £'000 | Total 2021 £'000 |
|--|-------|--------------------------------|---------------------------------------|----------------------|------------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 3 | 118 | 70 | 416 | 604 |
| Donations - transfer from local authority on conversion | | 108 | 181 | 29,150 | 29,439 |
| Donations - transfer of existing academy into the trust | | 370 | (1,128) | 10,524 | 9,766 |
| Charitable activities: | | | | | |
| - Funding for educational operations | 4 | - | 22,568 | - | 22,568 |
| - Teaching school | | - | 312 | - | 312 |
| Other trading activities | 6 | 1,442 | - | - | 1,442 |
| Investments | 5 | 1 | - | - | 1 |
| Total | | <u>2,039</u> | <u>22,003</u> | <u>40,090</u> | <u>64,132</u> |
| Expenditure on: | | | | | |
| Charitable activities: | | | | | |
| - Educational operations | 9 | 234 | 25,119 | 1,102 | 26,455 |
| - Teaching school | | - | 379 | - | 379 |
| Total | 7 | <u>234</u> | <u>25,498</u> | <u>1,102</u> | <u>26,834</u> |
| Net income/(expenditure) | | 1,805 | (3,495) | 38,988 | 37,298 |
| Transfers between funds | 17 | (1,091) | 1,162 | (71) | - |
| Other recognised gains/(losses) | | | | | |
| Actuarial losses on defined benefit pension schemes | 19 | - | (797) | - | (797) |
| Net movement in funds | | 714 | (3,130) | 38,917 | 36,501 |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 742 | (5,051) | 26,520 | 22,211 |
| Total funds carried forward | | <u>1,456</u> | <u>(8,181)</u> | <u>65,437</u> | <u>58,712</u> |

THE CHARTER SCHOOLS EDUCATIONAL TRUST

BALANCE SHEET

AS AT 31 AUGUST 2022

| | Notes | 2022 | | 2021 as restated | |
|--|-------|---------|--------|---------------------|---------|
| | | £'000 | £'000 | £'000 | £'000 |
| Fixed assets | | | | | |
| Tangible assets | 13 | | 64,718 | | 65,367 |
| Current assets | | | | | |
| Debtors | 14 | 2,023 | | 1,859 | |
| Cash at bank and in hand | | 1,883 | | 1,291 | |
| | | | 3,906 | | 3,150 |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 15 | (2,558) | | (1,624) | |
| Net current assets | | | 1,348 | | 1,526 |
| Net assets excluding pension liability | | | 66,066 | | 66,893 |
| Defined benefit pension scheme liability | 19 | | (753) | | (8,181) |
| Total net assets | | | 65,313 | | 58,712 |
| Funds of the Trust: | | | | | |
| Restricted funds | 17 | | | | |
| - Fixed asset funds | | | 65,320 | | 65,437 |
| - Pension reserve | | | (753) | | (8,181) |
| Total restricted funds | | | 64,567 | | 57,256 |
| Unrestricted income funds | 17 | | 746 | | 1,456 |
| Total funds | | | 65,313 | | 58,712 |

The accounts on pages 25 to 51 were approved by the trustees and authorised for issue on and are signed on their behalf by:

Claire Maugham
.....
C Maugham
Co-Chair

J Slater
.....
J Slater
Co-Chair

Company registration number 07338707

13/12/2022 | 14:25 GMT

13/12/2022 | 06:11 PST

THE CHARTER SCHOOLS EDUCATIONAL TRUST

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2022

| | | 2022 | | 2021 as restated | |
|--|-------|-------|--------------|---------------------|--------------|
| | Notes | £'000 | £'000 | £'000 | £'000 |
| Cash flows from operating activities | | | | | |
| Net cash (used in)/provided by operating activities | 20 | | (444) | | 50 |
| Cash funds transferred on conversion | | | - | | 478 |
| | | | <u>(444)</u> | | <u>528</u> |
| Cash flows from investing activities | | | | | |
| Dividends, interest and rents from investments | | 1 | | 1 | |
| Capital grants from DfE Group | | 1,622 | | 416 | |
| Purchase of tangible fixed assets | | (565) | | (275) | |
| | | | <u>1,058</u> | <u>142</u> | |
| Net cash provided by investing activities | | | | | 142 |
| Cash flows from financing activities | | | | | |
| Finance costs | | (22) | | (16) | |
| | | | <u>(22)</u> | <u>(16)</u> | |
| Net cash used in financing activities | | | | | (16) |
| Net increase in cash and cash equivalents in the reporting period | | | 592 | | 654 |
| Cash and cash equivalents at beginning of the year | | | 1,291 | | 637 |
| Cash and cash equivalents at end of the year | | | <u>1,883</u> | | <u>1,291</u> |

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

The Charter Schools Educational Trust is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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

1.1 Basis of preparation

The accounts of the 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 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Changes in accounting policies

Previously leasehold land had not been depreciated, however as the Academy Trust has the right to use over the course of the lease the Trustees have made the decision to depreciate the land at Charles Dickens Primary School, Lyndhurst Primary School and Dulwich Hamlet Junior School over the 125 years of the lease.

1.3 Going concern

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

1.4 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.

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

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

Sponsorship income

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

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

Donations

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

Other income

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

Donated goods, facilities and services

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

Donated fixed assets

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

Transfer of assets from existing academies

Where assets and liabilities are received on the transfer of an existing academy into the Trust, the transferred net assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust. Income equal to the net assets transferred is recognised within donations and capital grant income.

1.5 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

This includes all expenditure incurred by the 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.

Governance costs

These include the costs attributable to the Trust's compliance with constitutional and statutory requirements, including audit, strategic management, trustees' meetings and reimbursed expenses.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

1.6 Tangible fixed assets and depreciation

Assets costing £5k or groups of assets costing £30k or more containing items over £1k are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

The Charter School North Dulwich buildings are included on the basis of a desktop depreciated insurance valuation prepared by ESFA on conversion in 2010. The land on which the school is sited is leased on a 125 year lease from Dulwich Estates at a peppercorn rent. The Charter School East Dulwich buildings are included at cost. Charles Dickens Primary School buildings were included on the basis of a valuation by the directors where comparison was made to schools in the local area. This has now been updated to reflect an external DfE valuation. Lyndhurst Primary School buildings were included on the basis of a valuation by the directors where comparison was made to schools in the local area. This has now been updated to reflect an external DfE valuation.

The land and buildings at The Belham Primary School are occupied under the terms of a short-term arrangement. It is expected that a long term lease of 125 years will be put into place when snagging issues are resolved, and long term lease negotiations with the Local Authority are concluded. When that has been achieved a valuation for the Belham Primary School leasehold interest will be included as a fixed asset.

The land and buildings at Dulwich Hamlet Junior School are included on the basis of an external valuation of building reinstatement costs for insurance purposes, which was carried out in 2011.

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

| | |
|--------------------------------|--|
| Land and buildings | Buildings over 50 years, land is over the remaining term of the lease. |
| Computer equipment | 33% on cost |
| Fixtures, fittings & equipment | 20% on cost |
| Motor vehicles | 25% on cost |

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

1.7 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.

1.8 Leased assets

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

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

1.9 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. Prepayments are not financial instruments.

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

Financial liabilities

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

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

1.10 Taxation

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

1.11 Pensions benefits

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

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

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

1.12 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.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

1 Accounting policies

(Continued)

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

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

1.13 Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The funds received and paid and any balances held are disclosed in note 26.

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property plant and equipment, and note 1.5 for the useful economic lives for each class of assets.

Bad debts

Debtors are regularly reviewed for recoverability, any debts which in the opinion of management are not recoverable are provided for as a specific bad debt.

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

3 Donations and capital grants

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2022 £'000 | Total 2021 £'000 |
|-----------------|--------------------------------|------------------------------|------------------------|------------------------|
| Capital grants | - | 1,622 | 1,622 | 416 |
| Other donations | 49 | 20 | 69 | 188 |
| | <u>49</u> | <u>1,642</u> | <u>1,691</u> | <u>604</u> |

4 Funding for the Trust's educational operations

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2022 £'000 | Total 2021 £'000 |
|--|--------------------------------|------------------------------|------------------------|------------------------|
| DfE / ESFA grants | | | | |
| General annual grant (GAG) | - | 24,599 | 24,599 | 18,754 |
| Other DfE / ESFA grants: | | | | |
| Pupil premium | - | 941 | 941 | 747 |
| Start up grants | - | - | - | 25 |
| Supplementary grant | - | 258 | 258 | - |
| DfE teaching grants | - | 449 | 449 | 312 |
| UIFSM | - | 178 | 178 | 109 |
| Teachers pension grants | - | 136 | 136 | 634 |
| Teachers pay grants | - | 48 | 48 | 208 |
| PE and sports premium | - | 78 | 78 | 44 |
| Rates | - | 134 | 134 | 166 |
| Others | - | 494 | 494 | 36 |
| | <u>-</u> | <u>27,315</u> | <u>27,315</u> | <u>21,035</u> |
| Other government grants | | | | |
| Local authority grants | - | 2,007 | 2,007 | 1,422 |
| Special educational projects | - | 272 | 272 | 88 |
| | <u>-</u> | <u>2,279</u> | <u>2,279</u> | <u>1,510</u> |
| Exceptional government funding | | | | |
| Coronavirus job retention scheme grant | - | - | - | 6 |
| Coronavirus exceptional support | - | - | - | 46 |
| Other Coronavirus funding | - | - | - | 283 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>335</u> |
| Total funding | <u>-</u> | <u>29,594</u> | <u>29,594</u> | <u>22,880</u> |

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

4 Funding for the Trust's educational operations

(Continued)

Exceptional government funding in the prior period includes Coronavirus Job Retention Scheme grants of £6k, and £46k Covid exceptional support.

Other Coronavirus funding includes Covid catch up premium £207k, funding for mass testing £74k, and Covid workforce funding £2k.

Covid catch up premium was spent on tutoring, staff costs, online lessons for students, and books for students.

The Covid catch up premium and all other Covid claims income had been fully spent so that there was no amount carried forward at 31 August 2021.

5 Investment income

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2022 £'000 | Total 2021 £'000 |
|---------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Short term deposits | 1 | - | 1 | 1 |

6 Other trading activities

| | Unrestricted funds £'000 | Restricted funds £'000 | Total 2022 £'000 | Total 2021 £'000 |
|------------------------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Hire of facilities | 217 | - | 217 | 105 |
| Catering income | 162 | - | 162 | 154 |
| Music services | 217 | - | 217 | 167 |
| Nursery, club fees and school fund | 778 | - | 778 | 392 |
| Trip income | 305 | - | 305 | 110 |
| Staff consultancy income | 223 | - | 223 | 47 |
| Other income | 403 | - | 403 | 467 |
| | <u>2,305</u> | <u>-</u> | <u>2,305</u> | <u>1,442</u> |

7 Expenditure

| | Staff costs £'000 | Non-pay expenditure | | Total 2022 £'000 | Total 2021 £'000 |
|----------------------------------|----------------------|---------------------|----------------|------------------------|------------------------|
| | | Premises £'000 | Other £'000 | | |
| Academy's educational operations | | | | | |
| - Direct costs | 20,769 | 1,053 | 2,436 | 24,258 | 17,721 |
| - Allocated support costs | 6,272 | 3,279 | 2,541 | 12,092 | 8,734 |
| Teaching school | | | | | |
| - Direct costs | - | - | - | - | 195 |
| - Allocated support costs | - | - | - | - | 184 |
| | <u>27,041</u> | <u>4,332</u> | <u>4,977</u> | <u>36,350</u> | <u>26,834</u> |

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

| 7 Expenditure | (Continued) | |
|--|--------------------|-------------------|
| Net income/(expenditure) for the year includes: | 2022 | 2021 |
| | £'000 | £'000 |
| Fees payable to auditor for: | | |
| - Audit | 22 | 22 |
| - Other services | 9 | 4 |
| Depreciation of tangible fixed assets | 1,214 | 1,102 |
| Bank and loan interest | 23 | 17 |
| Net interest on defined benefit pension liability | 132 | 91 |
| | <u> </u> | <u> </u> |

8 Central services

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

- human resources;
- financial services;
- contract procurement and management;
- premises management;
- educational support services;
- capital fundraising;
- conversion and joining support.

The Trust charges for these services on the following basis:

- 3.75% of GAG School Budget Share (2021: 3.15% of GAG School Budget Share)

The amounts charged during the year were as follows:

| | | |
|----------------------------------|-------------------|-------------------|
| | 2022 | 2021 |
| | £'000 | £'000 |
| The Charter School North Dulwich | 266 | 196 |
| The Charter School East Dulwich | 256 | 179 |
| Charles Dickens Primary School | 96 | 72 |
| Dulwich Hamlet Junior School | 75 | 23 |
| The Belham Primary School | 85 | 26 |
| Lyndhurst Primary School | 86 | 29 |
| . | - | - |
| | <u> </u> | <u> </u> |
| | 864 | 525 |
| | <u> </u> | <u> </u> |

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

| 9 Charitable activities | Unrestricted funds £'000 | Restricted funds £'000 | Total 2022 £'000 | Total 2021 £'000 |
|----------------------------------|--------------------------------|------------------------------|------------------------|------------------------|
| Direct costs | | | | |
| Educational operations | 437 | 23,821 | 24,258 | 17,721 |
| Teaching school | - | - | - | 195 |
| Support costs | | | | |
| Educational operations | 64 | 12,028 | 12,092 | 8,734 |
| Teaching school | - | - | - | 184 |
| | <u>501</u> | <u>35,849</u> | <u>36,350</u> | <u>26,834</u> |
| | | | 2022 | 2021 |
| | | | £'000 | £'000 |
| Analysis of support costs | | | | |
| Support staff costs | | | 6,272 | 4,339 |
| Depreciation | | | 161 | 427 |
| Technology costs | | | 439 | 417 |
| Premises costs | | | 3,118 | 2,071 |
| Other support costs | | | 2,065 | 1,638 |
| Governance costs | | | 37 | 26 |
| | | | <u>12,092</u> | <u>8,918</u> |

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

10 Staff

Staff costs

Staff costs during the year were:

| | 2022 | 2021 |
|---|---------------|---------------|
| | £'000 | £'000 |
| Wages and salaries | 18,564 | 13,857 |
| Social security costs | 1,827 | 1,362 |
| Pension costs | 5,308 | 3,832 |
| | <u>25,699</u> | <u>19,051</u> |
| Staff costs - employees | 25,699 | 19,051 |
| Agency staff costs | 1,312 | 855 |
| Staff restructuring costs | 30 | - |
| | <u>27,041</u> | <u>19,906</u> |
| Staff development and other staff costs | 125 | 82 |
| | <u>27,166</u> | <u>19,988</u> |

Staff restructuring costs comprise:

| | | |
|---------------------|-----------|----------|
| Redundancy payments | <u>30</u> | <u>-</u> |
|---------------------|-----------|----------|

Severance payments

The Trust paid 1 severance payment in the year, disclosed in the following bands:

| | |
|-------------------|---|
| £25,001 - £50,000 | 1 |
|-------------------|---|

Staff numbers

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

| | 2022 | 2021 |
|----------------------------|---------------|---------------|
| | Number | Number |
| Teachers | 239 | 179 |
| Administration and support | 297 | 188 |
| Management | 38 | 26 |
| | <u>574</u> | <u>393</u> |

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

10 Staff

(Continued)

Higher paid staff

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

| | 2022 Number | 2021 Number |
|---------------------|----------------|----------------|
| £60,000 - £70,000 | 13 | 12 |
| £70,001 - £80,000 | 6 | 5 |
| £80,001 - £90,000 | 3 | 4 |
| £90,001 - £100,000 | 1 | - |
| £110,001 - £120,000 | 1 | 1 |
| £120,001 - £130,000 | - | 2 |
| £130,001 - £140,000 | 1 | - |
| £140,001 - £150,000 | 1 | - |
| | <u> </u> | <u> </u> |

Key management personnel

The key management personnel of the Trust comprise the trustees and the senior management team as listed on page 1.

The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £1,160k (2021: £822k), relating to 10 members of the key management team (2021: 10).

11 Trustees' remuneration and expenses

The CEO has been paid remuneration or has received other benefits from an employment with the Trust. The CEO only receives remuneration in respect of services provided undertaking the role of CEO under her contract of employment, and not in respect of services as trustee.

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

C Buchanan (CEO):

- Remuneration £140,000 - £145,000 (2021: £115,000 - £120,000)
- Employer's pension contributions £30,000 - £35,000 (2021: £25,000 - £30,000)

During the year ended 31 August 2022, there were no expenses reimbursed to trustees (2022: none).

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

12 Trustees' and officers' insurance

In accordance with normal commercial practice, the Trust has insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £10m (2021: £10m) on any one claim.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

13 Tangible fixed assets

| | Land and buildings | Leasehold improvements | Computer equipment | Fixtures, fittings & equipment | Motor vehicles | Total |
|-----------------------|-----------------------|---------------------------|-----------------------|--------------------------------------|-------------------|--------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost | | | | | | |
| At 1 September 2021 | 70,348 | 1,206 | 354 | 1,005 | 81 | 72,994 |
| Additions | - | 554 | - | 11 | - | 565 |
| At 31 August 2022 | 70,348 | 1,760 | 354 | 1,016 | 81 | 73,559 |
| Depreciation | | | | | | |
| At 1 September 2021 | 6,459 | 78 | 283 | 734 | 73 | 7,627 |
| Charge for the year | 917 | 136 | 49 | 105 | 7 | 1,214 |
| At 31 August 2022 | 7,376 | 214 | 332 | 839 | 80 | 8,841 |
| Net book value | | | | | | |
| At 31 August 2022 | 62,972 | 1,546 | 22 | 177 | 1 | 64,718 |
| At 31 August 2021 | 63,889 | 1,128 | 71 | 271 | 8 | 65,367 |

Previously leasehold land had not been depreciated, however as the Academy has the right to use over the course of the lease the Trustees have made the decision to depreciate the land over the 125 years of the lease. The land was initially transferred in 2021 and therefore a prior year adjustment has been made to reflect the correct bought forward depreciation, amounting to £270k and to include the depreciation charge for last year amounting to £382k. The net effect is to reduce the net book value of leasehold land and buildings by £270k as at 31 August 2021.

The net book value of leasehold land (where this has been separately valued and recognised) at 31 August 2022 is £31,088,674.

Leasehold improvements additions in the year relates to buildings and facilities upgrades and improvements made at Charter Schools North Dulwich, Charter Schools East Dulwich, Charles Dickens Primary School and Lyndhurst Primary School.

14 Debtors

| | 2022 £'000 | 2021 £'000 |
|--------------------------------|---------------|---------------|
| Trade debtors | 420 | 343 |
| VAT recoverable | 660 | 583 |
| Other debtors | 17 | 331 |
| Prepayments and accrued income | 926 | 602 |
| | <u>2,023</u> | <u>1,859</u> |

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

15 Creditors: amounts falling due within one year

| | 2022 £'000 | 2021 £'000 |
|------------------------------------|---------------|---------------|
| Trade creditors | 609 | 296 |
| Other taxation and social security | 494 | 428 |
| Other creditors | - | 3 |
| Accruals and deferred income | 1,455 | 897 |
| | <u>2,558</u> | <u>1,624</u> |

16 Deferred income

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Deferred income is included within: | | |
| Creditors due within one year | <u>241</u> | <u>119</u> |
| Deferred income at 1 September 2021 | 119 | 55 |
| Released from previous years | (119) | (55) |
| Resources deferred in the year | <u>241</u> | <u>119</u> |
| Deferred income at 31 August 2022 | <u>241</u> | <u>119</u> |

At the balance sheet date the trust was holding funds for schools trips and also Universal Infant Free School Meals income relating to the next financial year.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

17 Funds

| | Balance at 1 September 2021 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2022 £'000 |
|-------------------------------------|--|-----------------|----------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | - | 24,599 | (27,688) | 3,089 | - |
| Other DfE / ESFA grants | - | 514 | (514) | - | - |
| Other government grants | - | 2,279 | (2,279) | - | - |
| Pupil premium | - | 941 | (941) | - | - |
| Teachers pension grants | - | 136 | (136) | - | - |
| Teachers pay grants | - | 48 | (48) | - | - |
| PE and Sports Premium | - | 78 | (78) | - | - |
| Rates | - | 134 | (134) | - | - |
| Supplementary grants | - | 258 | (258) | - | - |
| DfE Teaching grants | - | 449 | (449) | - | - |
| UIFSM | - | 178 | (178) | - | - |
| Pension reserve | (8,181) | - | (1,932) | 9,360 | (753) |
| | <u>(8,181)</u> | <u>29,614</u> | <u>(34,635)</u> | <u>12,449</u> | <u>(753)</u> |
| Restricted fixed asset funds | | | | | |
| DfE group capital grants | 70 | 1,622 | - | (1,090) | 602 |
| General fixed assets | 65,367 | - | (1,214) | 565 | 64,718 |
| | <u>65,437</u> | <u>1,622</u> | <u>(1,214)</u> | <u>(525)</u> | <u>65,320</u> |
| Total restricted funds | <u>57,256</u> | <u>31,236</u> | <u>(35,849)</u> | <u>11,924</u> | <u>64,567</u> |
| Unrestricted funds | | | | | |
| General funds | <u>1,456</u> | <u>2,355</u> | <u>(501)</u> | <u>(2,564)</u> | <u>746</u> |
| Total funds | <u>58,712</u> | <u>33,591</u> | <u>(36,350)</u> | <u>9,360</u> | <u>65,313</u> |

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

General Annual Grant: Income received from the ESFA to cover the normal running costs of the schools.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2022.

Other DfE/ESFA grants: This includes the pupil premium, rates relief, universal free school meals, MAT funding, teachers pay, teachers pensions, sports funding grant, and supplementary grants.

Other government grants: This includes SEN funding, pupil premium High Needs and additional bulge class funding.

DfE / ESFA capital grants: This relates to DFC and CIF.

The transfer of funds relates to the purchase of fixed assets during the period, and the overspend on GAG.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

17 Funds

(Continued)

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

| | Balance at 1 September 2020 £'000 | Income £'000 | Expenditure £'000 | Gains, losses and transfers £'000 | Balance at 31 August 2021 £'000 |
|-------------------------------------|--|-----------------|----------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | - | 18,754 | (20,041) | 1,287 | - |
| Start up grants | - | 25 | (25) | - | - |
| Other DfE / ESFA grants | - | 853 | (853) | - | - |
| Other government grants | - | 1,510 | (1,510) | - | - |
| Teaching school | - | 312 | (379) | 67 | - |
| Pupil premium | - | 109 | (109) | - | - |
| Teachers pension grants | - | 634 | (634) | - | - |
| Teachers pay grants | - | 208 | (208) | - | - |
| PE and Sports Premium | - | 44 | (44) | - | - |
| Rates | - | 166 | (166) | - | - |
| Supplementary grants | - | 6 | (6) | - | - |
| DfE Teaching grants | - | 46 | (46) | - | - |
| UIFSM | - | 283 | (283) | - | - |
| Teaching school on conversion | - | 192 | - | (192) | - |
| Pension reserve | (5,051) | (1,139) | (1,194) | (797) | (8,181) |
| | <u>(5,051)</u> | <u>22,003</u> | <u>(25,498)</u> | <u>365</u> | <u>(8,181)</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | - | 29,150 | - | (29,150) | - |
| DfE group capital grants | - | 416 | - | (346) | 70 |
| Transfer in of fixed assets | - | 10,524 | - | (10,524) | - |
| General fixed assets | 26,520 | - | (1,102) | 39,949 | 65,367 |
| | <u>26,520</u> | <u>40,090</u> | <u>(1,102)</u> | <u>(71)</u> | <u>65,437</u> |
| Total restricted funds | <u>21,469</u> | <u>62,093</u> | <u>(26,600)</u> | <u>294</u> | <u>57,256</u> |
| Unrestricted funds | | | | | |
| General funds | 742 | 2,039 | (234) | (1,091) | 1,456 |
| | <u>742</u> | <u>2,039</u> | <u>(234)</u> | <u>(1,091)</u> | <u>1,456</u> |
| Total funds | <u>22,211</u> | <u>64,132</u> | <u>(26,834)</u> | <u>(797)</u> | <u>58,712</u> |

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

17 Funds

(Continued)

Total funds analysis by academy

| | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Fund balances at 31 August 2022 were allocated as follows: | | |
| The Charter School North Dulwich | 1 | 1 |
| The Charter School East Dulwich | 1 | 1 |
| Charles Dickens Primary School | 1 | 1 |
| Dulwich Hamlet Junior School | 1 | 1 |
| The Belham Primary School | 1 | 1 |
| Lyndhurst Primary School | 1 | 1 |
| . | - | - |
| Central services | 740 | 1,450 |
| | <u>746</u> | <u>1,456</u> |
| Total before fixed assets fund and pension reserve | 746 | 1,456 |
| Restricted fixed asset fund | 65,320 | 65,437 |
| Pension reserve | (753) | (8,181) |
| | <u>65,313</u> | <u>58,712</u> |
| Total funds | <u>65,313</u> | <u>58,712</u> |

Total cost analysis by academy

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

| | Teaching and educational support staff £'000 | Other support staff costs £'000 | Educational supplies £'000 | Other costs excluding depreciation £'000 | Total 2022 £'000 | Total 2021 £'000 |
|-------------------------------------|---|---------------------------------------|----------------------------------|---|------------------------|------------------------|
| The Charter School North Dulwich | 6,510 | 1,596 | 249 | 2,393 | 10,748 | 9,672 |
| The Charter School East Dulwich | 5,138 | 1,156 | 264 | 1,442 | 8,000 | 6,682 |
| Charles Dickens Primary School | 2,175 | 873 | 153 | 1,082 | 4,283 | 4,166 |
| Dulwich Hamlet Junior School | 1,633 | 439 | 96 | 484 | 2,652 | 1,009 |
| The Belham Primary School | 1,805 | 554 | 142 | 526 | 3,027 | 991 |
| Lyndhurst Primary School | 2,003 | 394 | 95 | 507 | 2,999 | 1,203 |
| . | - | - | - | - | - | - |
| Central services | 535 | 429 | - | 2,461 | 3,425 | 2,009 |
| | <u>19,799</u> | <u>5,441</u> | <u>999</u> | <u>8,895</u> | <u>35,134</u> | <u>25,732</u> |

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

18 Analysis of net assets between funds

| | Unrestricted Funds £'000 | Restricted funds: General £'000 | Fixed asset £'000 | Total Funds £'000 |
|--|--------------------------------|---------------------------------------|----------------------|-------------------------|
| Fund balances at 31 August 2022 are represented by: | | | | |
| Tangible fixed assets | - | - | 64,718 | 64,718 |
| Current assets | 3,304 | - | 602 | 3,906 |
| Current liabilities | (2,558) | - | - | (2,558) |
| Pension scheme liability | - | (753) | - | (753) |
| Total net assets | <u>746</u> | <u>(753)</u> | <u>65,320</u> | <u>65,313</u> |

| | Unrestricted Funds £'000 | Restricted funds: General £'000 | Fixed asset £'000 | Total Funds £'000 |
|--|--------------------------------|---------------------------------------|----------------------|-------------------------|
| Fund balances at 31 August 2021 are represented by: | | | | |
| Tangible fixed assets | - | - | 65,367 | 65,367 |
| Current assets | 1,584 | 1,496 | 70 | 3,150 |
| Current liabilities | (128) | (1,496) | - | (1,624) |
| Pension scheme liability | - | (8,181) | - | (8,181) |
| Total net assets | <u>1,456</u> | <u>(8,181)</u> | <u>65,437</u> | <u>58,712</u> |

19 Pension and similar obligations

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

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

Contributions amounting to £Nil (2021: £nil) were payable to the schemes at 31 August 2022 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 academy trusts. All teachers have the option to opt out of the TPS following enrolment.

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

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

19 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

During the previous year the employer contribution rate was 16.48%. The TPS valuation for 2012 determined an employer rate of 16.48%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to the TPS in the period amounted to £2,632k (2021: £2,030k).

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

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The 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.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 13.5% for employers and 5.5% to 12.4% for employees.

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

| Total contributions made | 2022 £'000 | 2021 £'000 |
|--------------------------|---------------|---------------|
| Employer's contributions | 816 | 540 |
| Employees' contributions | 297 | 222 |
| Total contributions | <u>1,113</u> | <u>762</u> |

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

19 Pension and similar obligations

(Continued)

| Principal actuarial assumptions | 2022 % | 2021 % |
|--|-----------|-----------|
| Rate of increase in salaries | 4.2 | 4.1 |
| Rate of increase for pensions in payment/inflation | 2.7 | 2.6 |
| Discount rate for scheme liabilities | 4.0 | 1.7 |
| Inflation assumption (CPI) | 2.7 | 2.6 |

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

| | 2022 Years | 2021 Years |
|----------------------|---------------|---------------|
| Retiring today | | |
| - Males | 20.7 | 20.9 |
| - Females | 22.6 | 22.8 |
| Retiring in 20 years | | |
| - Males | 23.6 | 23.7 |
| - Females | 25.4 | 25.6 |

Scheme liabilities would have been affected by changes in assumptions as follows:

| Defined benefit pension scheme net liability | 2022 £'000 | 2021 £'000 |
|--|---------------|---------------|
| Scheme assets | 11,421 | 10,754 |
| Scheme obligations | (12,174) | (18,935) |
| Net liability | (753) | (8,181) |

The Trust's share of the assets in the scheme

| | 2022 Fair value £'000 | 2021 Fair value £'000 |
|------------------------------|-----------------------------|-----------------------------|
| Equities | 6,179 | 6,807 |
| Bonds | 1,907 | 1,925 |
| Cash | 468 | 172 |
| Property | 1,942 | 1,420 |
| Other assets | 925 | 430 |
| Total market value of assets | 11,421 | 10,754 |

The actual return on scheme assets was £(227,000) (2021: £1,446,000).

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

| 19 Pension and similar obligations | (Continued) | |
|--|---------------|---------------|
| Amount recognised in the statement of financial activities | 2022 | 2021 |
| | £'000 | £'000 |
| Current service cost | 2,616 | 1,643 |
| Interest income | (191) | (127) |
| Interest cost | 323 | 218 |
| Total operating charge | <u>2,748</u> | <u>1,734</u> |
| Changes in the present value of defined benefit obligations | 2022 | 2021 |
| | £'000 | £'000 |
| At 1 September 2021 | 18,935 | 11,137 |
| Obligations acquired on conversion | - | 3,904 |
| Current service cost | 2,616 | 1,643 |
| Interest cost | 323 | 218 |
| Employee contributions | 297 | 222 |
| Actuarial (gain)/loss | (9,778) | 1,948 |
| Benefits paid | (219) | (137) |
| At 31 August 2022 | <u>12,174</u> | <u>18,935</u> |
| Changes in the fair value of the Trust's share of scheme assets | 2022 | 2021 |
| | £'000 | £'000 |
| At 1 September 2021 | 10,754 | 6,086 |
| Assets acquired on conversion | - | 2,597 |
| Interest income | 191 | 127 |
| Actuarial loss/(gain) | (418) | 1,319 |
| Employer contributions | 816 | 540 |
| Employee contributions | 297 | 222 |
| Benefits paid | (219) | (137) |
| At 31 August 2022 | <u>11,421</u> | <u>10,754</u> |

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

| | | | |
|-----------|--|--------------|-----------------|
| 20 | Reconciliation of net (expenditure)/income to net cash flow from operating activities | | |
| | | 2022 | 2021 |
| | | £'000 | £'000 |
| | Net (expenditure)/income for the reporting period (as per the statement of financial activities) | (2,759) | 24,313 |
| | Adjusted for: | | |
| | Net surplus on conversion to academy | - | (29,439) |
| | Net surplus on transfer of academy in the trust | - | (9,375) |
| | Capital grants from DfE and other capital income | (1,622) | (177) |
| | Investment income receivable | (1) | (1) |
| | Finance costs payable | 23 | 17 |
| | Defined benefit pension costs less contributions payable | 1,800 | 1,103 |
| | Defined benefit pension scheme finance cost | 132 | 91 |
| | Depreciation of tangible fixed assets | 1,214 | 1,102 |
| | (Increase) in debtors | (164) | (685) |
| | Increase in creditors | 935 | 77 |
| | Stocks, debtors and creditors transferred on conversion | - | 39 |
| | Net cash used in operating activities | (442) | (12,935) |

| | | | | |
|-----------|---|--------------------|-------------------|------------------|
| 21 | Analysis of changes in net funds | | | |
| | | 1 September | Cash flows | 31 August |
| | | 2021 | | 2022 |
| | | £'000 | £'000 | £'000 |
| | Cash | 1,291 | 592 | 1,883 |

| | | | |
|-----------|---|--------------|--------------|
| 22 | Capital commitments | | |
| | | 2022 | 2021 |
| | | £'000 | £'000 |
| | Expenditure contracted for but not provided in the accounts | 414 | 1,471 |

There are capital commitments at 31 August 2022 for contracts agreed in relation to works for heating replacement and replacement of primary plant at Charles Dickens Primary School and Charter School North Dulwich.

23 Related party transactions

Owing to the nature of the Trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook 2021, including notifying ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and in accordance with the 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.

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

23 Related party transactions (Continued)

Expenditure related party transactions

S Amadi is employed by the academy trust. S Amadi's father is the trustee and member Mr E Amadi.

Mrs L Godfrey is employed by the academy trust. Mrs L Godfrey is married to the trustee Mr J Godfrey.

S Brown is employed by the academy trust. S Brown's mother is the member Mrs E Brown.

I Buchanan provides services to the academy trust. I Buchanan is married to the CEO Cassandra Buchanan.

The appointments were made in open competition. The connected party trustee was not involved in the decision making process regarding appointment. They are paid within the normal pay scale for their roles and receive no special treatment as a result of their relationship to a trustee.

24 Members' liability

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

25 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2022 the academy trust received £29k and disbursed £35k from the fund. An amount of £nil is included in other creditors relating to undistributed funds that is repayable to ESFA. Comparatives for the accounting period ending 31 August 2021 are £26k received, £28k disbursed and £2k included in other creditors.

26 Prior period adjustment

| | | 1 September 2020 £'000 | 31 August 2021 £'000 |
|--|--------------|------------------------------|----------------------------|
| Reconciliation of funds | Notes | | |
| Funds as previously reported | | 22,211 | 45,727 |
| Adjustments arising: | | | |
| Lyndhurst Primary School valuation of land and buildings | 1 | - | 13,255 |
| Change in accounting policy for depreciation on leasehold land | 2 | - | (270) |
| Funds as restated | | <u>22,211</u> | <u>58,712</u> |

THE CHARTER SCHOOLS EDUCATIONAL TRUST

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2022

| 26 Prior period adjustment | | (Continued) |
|--|-------|---------------|
| Reconciliation of net income for the previous financial period | Notes | 2021 £'000 |
| Net income as previously reported | | 24,313 |
| Adjustments arising: | | |
| Lyndhurst Primary School valuation of land and buildings | 1 | 13,255 |
| Change in accounting policy for depreciation on leasehold land | 2 | (270) |
| Net income as restated | | <u>37,298</u> |

Notes to restatement

Lyndhurst Primary School valuation of land and buildings

This prior period adjustment is to reflect an external valuation of the land and buildings at Lyndhurst Primary School, which values the buildings at £3,820,000 and the land at £19,435,000, at August 2021. This valuation is on the basis of Fair Value as per the requirements of Academies Accounts Direction 2021 to 2022 issued by ESFA. In the 2021 financial statements the Lyndhurst Primary School land and buildings had been included on conversion at a directors' estimated valuation of £10,000,000.

Change in accounting policy for depreciation on leasehold land

Previously leasehold land had not been depreciated, however as the Academy has the right to use over the course of the lease the Trustees have made the decision to depreciate the land over the 125 years of the lease. The land was initially transferred in 2021 and therefore a prior year adjustment has been made to reflect the correct bought forward depreciation, amounting to £270k and to include the depreciation charge for last year amounting to £382k. The net effect is to reduce the net book value of leasehold land and buildings by £270k as at 31 August 2021.