



The Praxis Trust

The Praxis Trust

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

Year ended 31 August 2020

**Company Registration Number:
07972070 (England and Wales)**

The Praxis Trust

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The Praxis Trust

Reference and Administrative Details

Members	D O'Donnell D Skupham C Wilson (until 02.09.19) Church of England Central Education Trust (CECET) representative
Trustees	C Beardmore C Hall (until 12.03.20) G Hutton (CECET) E Masterson (Appointed 17.07.20) D Skupham (Chair) B Wilkinson (Appointed 17.09.19) C Wilson (until 02.09.19)
Senior Management Team	
Senior Executive Lead	B Wilkinson
Principal	B Wilkinson (Bursley Academy; Accounting Officer)
Principal	J Mountford-Lees (Hollinsclough C of E Academy)
Principal	J Ackers (Manifold C of E Academy)
Clerk to Governors	I Sharp (Entrust Services)
Responsible Officer	L Healings FCCA – VAST
Company Name	The Praxis Trust
Principal and Registered Office	Bursley Way Bradwell Newcastle-Under-Lyme Staffordshire ST5 8JQ
Company Registration Number	07972070 (England and Wales)
Independent Auditor	RSM UK Audit LLP 3 Hardman Street Manchester M3 3HF
Accountants	VAST The Dudson Centre Hope Street Hanley Stoke on Trent ST1 5DD
Bankers	Lloyds Bank PLC PO Box 1000 Andover BX1 1LT
Solicitors	Browne Jacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ

The Praxis Trust

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates 3 primary academies in Staffordshire for pupils aged 3 – 11 years. The schools are known as Bursley Academy, Hollinsclough Church of England Academy and Manifold Church of England Academy. Its academies have a combined pupil capacity of 482 and had a roll 417 in the school census on 16 January 2020. The trust has a Senior Executive Lead and a Chief Finance Officer in place to ensure all procedures are clearly in place and that there is a consistency in financial approaches across the trust. Following consultation with the Regional Schools Commissioner, it remains the focus of the trust to continue to explore the possibility of a merge with another trust or trusts, if the academies were to be best served by moving into different academy trusts.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Praxis Trust Limited are also the directors of the charitable company for the purposes of company law. The charitable company operates as The Praxis Trust.

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

Members' Liability

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

Trustees' Indemnities

The trust has purchased Governors' and Trustees' Liability Insurance, Personal Accident Insurance and Fidelity Guarantee Cover.

Method of Recruitment and Appointment or Election of Trustees

The academy trust shall have at least three members. The members have the right to appoint additional members. The members shall include appointees of the Diocesan Board of Education holding 25% of the representation rights.

The members shall appoint no fewer than three trustees. The trustees shall include appointees of the Diocesan Board of Education holding no more than 25% representation rights. The appointed trustees have four year terms of office. The appointed trustees may co-opt no more than two trustees for terms of no more than four years, subject to the condition that no more than one third of the trustees shall be employees of the trust.

Currently the trust has 5 trustees of which one is a representative of CECET.

The trustees appointed a Senior Executive Lead from the existing academy Principals on 28 November 2017. Initially this role was classified as not eligible to sit on the trust board as a trustee however, following a resignation and in light of the trust direction of travel it was agreed on 17 September 2019 that the Senior Executive Lead (B Wilkinson) became a trustee for the interim period to support the facilitation of the next phase of the trust evolution. The trustees shall ensure that the local governing bodies include at least two parent governors. In the absence of such local parent governors, two trustees shall be elected by the parents.

The trust has 3 members including the chair of trustees. 1 member is a CECET representative.

As at 31 August 2020 there are 5 trustees. Following the resignation of a trustee; the board co-opted Mrs Masterson as a suitably skilled replacement. Each of the local governing bodies had two parent governors.

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Trustees' Report (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

The trustees have designated the chair as the trustee responsible for the induction and training of trustees. All new trustees have received an induction from the chair and a pack of training materials including the DfE Governors Handbook, Academies Financial Handbook, the Articles of Association, the Funding Agreement, the School Development Plans and the minutes of previous meetings.

On the date of the approval of this report, the trustees were arranging trustee training for the new trustee and assessing further training needs for local governing bodies as appropriate.

Organisational Structure

The board of trustees establishes an overall framework for the governance of the trust and academies and agrees the membership of its committees. The local governing bodies are committees established by the trustees. The local governing bodies hold one meeting each term. The trustees are scheduled to meet before and after each round of local governing body meetings to promote communications. The trustees establish the terms of reference and procedures for the committees, receive reports and policy documents from the committees for ratification and monitor the activities of the committees through the minutes of their meetings. The trustees may also, from time to time, establish working groups to perform specific tasks over a limited time frame.

The trustees are responsible for the strategic development of the trust and its academies and determine any proposals for the alteration, closure or change of category of the academies. The trustees and committees monitor the academies by the use of budgets, management accounts, Principal's reports and educational performance measures.

The trustees delegate powers as appropriate under a scheme of delegation to the Senior Executive Lead, Principals, local governing bodies and senior leadership teams for the internal organisation, management and control of the academies.

A review of the scheme of delegation has been postponed due to Covid-19, the trustees feel the scheme of delegation remains robust and fit for purpose with clear lines of delegation are in place. A review cycle will commence during the next academic year.

Arrangements for setting pay and remuneration of key management personnel

The trustees receive no remuneration. The remuneration of the key management personnel is based on the statutory guidance in the statutory teachers' pay and conditions document 2019 (STPCD) and the local government pay scales for administrative staff in similar roles at maintained schools.

The Senior Executive Lead was paid within the STPCD pay range for a Principal of an ordinary school with a pupil roll equivalent to the combined pupil roll of the academies within the trust.

The Principals and the senior leadership team teaching staff at the individual academies within the trust were paid within the STPCD pay ranges for staff in similar roles at ordinary schools with similar pupil rolls.

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Trustees' Report (continued)

Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Cost of facility time	0
Total pay bill	£1.738m
Percentage of total pay bill on facility time	0%

Paid Trade Union activities

NA	NA
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Related Parties and other Connected Charities and Organisations

Owing to the nature of the Trust's operations and the composition of the board of trustees and local boards of governors being drawn from the Church of England Central Education Trust (CECET), local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a trustee or governor may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures. Details of related party transactions can be found in note

12 to the financial statements. All pecuniary interests and declaration of interests are available on the trust and academy websites.

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Trustees' Report (continued)

Objectives and Activities

Objects and Aims

The objective of the trust is to advance education for the public benefit by establishing, maintaining and developing academies that offer a broad and balanced curriculum. The trust recognises and supports the individual ethos of each of its academies, whether they are with or without a designated religious character.

The Church of England designated academies within the trust are conducted in accordance with the principles, practices and tenets of the Church of England both generally and in particular in relation to arranging for religious education and daily acts of worship, and in having regard to any advice and following any directives issued by the Diocesan Board of Education.

The trust's aims are to:

- Create a happy, stimulating, healthy and safe environment that encourages a desire for learning
- Develop enquiring minds by encouraging children to become independent thinkers and learners through promoting a sense of curiosity
- Develop the whole person through high quality teaching, catering for all learning styles and setting appropriate challenges, which meet individual needs
- Prepare learners for the future, through quality, real life experience
- Help children be aware of others and the environment and develop their citizenship, through nurturing the qualities of tolerance, honesty, respect, teamwork, empathy and self-discipline
- Develop Christian distinctiveness, values and character within our designated academies
- Value the involvement of parents, governors and the local community
- Strive for continuous improvement in all that we do

Objectives, Strategies and Activities

Bursley Academy

The main actions for the year within Bursley Academy, as stated in the school development plan 2019/20 along with outcomes are as follows:

Objectives	Strategies/Activities	Achievements
Review and develop the current provision for reading across the whole school, identifying key areas for development to ensure reading evidence shows pupils are making good progress within reading	<ul style="list-style-type: none">• Review of staff confidence and experience in teaching of reading• Review of whole class reading in comparison to group guided reading• Structure for working with individual readers• Inclusion of reading at the beginning of every unit of work in English• Reading workshops for parents• Speed reading tasks• Reading challenges• Reading displays• Review of reading interventions• Raising the profile of reading in all stakeholders	<ul style="list-style-type: none">• Review completed, clear awareness of teachers' confidence and experience• Review of structures completed and proposed new structures developed – not implemented due to Covid-19 closure• Individual reader structures in place and applied, this supported the pupils with the biggest level of need but no end of year data is available due to Covid-19

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Trustees' Report (continued)

Objectives, Strategies and Activities (continued)

Objectives	Strategies/Activities	Achievements
Review the current English curriculum in line with the academy curriculum redevelopment, ensure curriculum content and sequences are robust, fit for purpose and meets the needs of all children as well as being designed to ensure the continued sequential building of skills in English, in line with our curriculum intent	<ul style="list-style-type: none"> Review of current curriculum content, structure and progression Review of other models in outstanding schools (with a focus on content and progression) Development of a streamlined base scheme of work Trial of content and structures. Refining assessment to fit adapted content and structure 	<ul style="list-style-type: none"> Full review completed, Extended Leadership team (ELT) developed new English curriculum structure in line with whole school 'Head, Heart, Hands' approach Base schemes of work developed Halted, due to Covid-19 outbreak and will be continued in 2020/21
Review marking policy with a specific focus on English and the development of a feedback system which does not use written marking	<ul style="list-style-type: none"> Review of 3 separate models for marking in English without written feedback in pupils' books Construction of a draft policy for a non-written marking structure in English Trial of policy across one-year group Review of effectiveness and ease of implementation Whole school trial if applicable 	<ul style="list-style-type: none"> Initial work reviewing separate models undertaken. Clear view of structures which could be applied Covid-19 outbreak stopped process

Hollinsclough C of E Academy

The main actions for the year, as stated in the school development plan 2019/20, along with outcomes are as follows:

Objectives	Strategies/Activities	Achievements
To review and refine the current curriculum planning in line with the principles of the 2019 Education Inspection Framework	<ul style="list-style-type: none"> To ensure that the quality of education is highly effective Progression of skills, knowledge and concepts are reviewed and are used to inform planning Clear monitoring of outcomes in place 	<ul style="list-style-type: none"> All subjects now have stated 'intent' and progression of skills These in turn inform planning Clear monitoring timetable in place
Improvement and Challenge in writing and maths	<p>Attainment: 80% of pupils to be ARE (Age Related Expectations) in writing and maths</p> <ul style="list-style-type: none"> 30% of pupils to be working at (GD) Greater Depth <p>Progress: 80% of pupils make at least expected progress in writing and maths</p> <ul style="list-style-type: none"> 30% of pupils to make accelerated progress 	<ul style="list-style-type: none"> Covid 19 disrupted teaching and learning There were no summer assessments and no data collection Monitoring took place, and any underachievement noted resulting in robust action plan and monitoring, including monitoring by School Improvement

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Trustees' Report (continued)

Objectives, Strategies and Activities (continued)

	<ul style="list-style-type: none"> • Ensure most able pupils are challenged, and achieve the highest standards across the curriculum • Ensure that writing improvement is evident across the curriculum 	Partner
Presentation: Improvements care, pride and presentation in books	<ul style="list-style-type: none"> • Improvement in the quality of presentation • Teachers' expectations are in line with schools agreed approaches • Increased quantity of writing • Evidence of improvement noted during Spring external health check 	<ul style="list-style-type: none"> • Up until lockdown progress was observed

Manifold C of E Academy

The main actions for the year, as stated in the school development plan 2019/20, along with outcomes are as follows:

Main target for development	Actions	Achievements
To review the efficiency and accuracy of the school's assessment procedures and tracking systems to ensure that high quality teaching leads to success.	<ul style="list-style-type: none"> • Explore available assessment tools to determine the best system for use in the school • Determine appropriate criteria for each aspect of the curriculum to be assessed for use in the new assessment tool 	<ul style="list-style-type: none"> • Staff explored appropriate criteria for assessment • Assessment tool is now fit for purpose and meets the needs of the school • All teachers and leaders regularly tracked individual pupils to monitor progress • Assessment tool provides evidence to staff, leaders, trustees and governors regarding the attainment and progress of our pupils
Subject leaders are able to articulate their curriculum area and are able to evidence examples from across the school	<ul style="list-style-type: none"> • Create a subject leader handbook for all staff • Devise a list of subject leader 'deep dive' questions and monitor subject area • Subject leaders to devise action plans and develop subject • Subject leaders to audit their subject area • Incorporate 'Writer award' initiative in all year groups 	<ul style="list-style-type: none"> • Subject leaders have written intent implementation and impact statements for their subject. And start progression documents. • Covid19 gaps have been highlighted in subject areas. • Subject leadership - Area for development still – post Covid19 • Floor books implemented
To empower passionate subject leaders, alongside teaching staff, to create and implement an inspiring curriculum for all, nurturing all pupils while enabling them to succeed and flourish	<ul style="list-style-type: none"> • Schemes of work in place for core subjects • Maths mastery approach implemented Y1-Y6 • Curriculum 'mapped out' with schemes of work available 	<ul style="list-style-type: none"> • Cycle overview ensuring coverage across subjects in place for each year group • White Rose Maths adopted by all year groups including EYFS

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Trustees' Report (continued)

Objectives, Strategies and Activities (continued)

Main target for development	Actions	Achievements
	<ul style="list-style-type: none"> • Review 'wow' activities on offer to each year group last year • Implement enrichment days • 'Knowledge Organisers' to be created or purchased 	<ul style="list-style-type: none"> • Children participated in some enrichment days
<p>To close the gap between the attainment of SEND pupils and their non-SEND counterparts enabling all to flourish</p>	<ul style="list-style-type: none"> • To ensure that all SEND pupils are receiving quality first teaching and pupil conferencing from class teachers, in addition to intervention planned in pupil progress meetings 	<ul style="list-style-type: none"> • Gaps created by Covid-19 have been highlighted in subject areas
<p>Develop adult and pupil leadership of worship to create a shared culture of improving practice, confidence and engagement in which all are involved</p> <p>All members of the community ensure our school ethos shapes decision making, policy development and budget decisions</p>	<ul style="list-style-type: none"> • Leaders, including governors, will be able to explain how biblical teaching roots the school's vision, giving it coherence, relevance and sustainability • Consider how well governors ensure that a robust and continuous self-evaluation process is in place • Leaders ensure that all staff members and governors have opportunities to develop their understanding of Church school education and RE 	<ul style="list-style-type: none"> • Christian distinctiveness now a standing item on governing body agenda • Christian Distinctiveness Advisor (CDA) delivered 1.5 prayer day to children – looking at raising profile of pupils in leading worship • Floor books to share the work carried out across the SIAMS strands – shared with governors to provide practical examples • Governor training session ('biblical teaching rooting the school's vision') postponed due to Covid19 – rescheduled for Spring 2021

Public Benefit

The trustees have given careful regard to the Charity Commission guidance on public benefit in setting our objectives, running our academies and reporting on our activities. During the year the academies, through fundraising, have supported the following charities: Poppy Appeal, Alice Charity and Samaritans Purse.

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Trustees' Report (continued)

Strategic Report

Achievements and Performance

Bursley Academy, Manifold CofE Academy, Hollinsclough CofE Academy

Due to the Covid-19 pandemic and subsequent national lockdown and partial school closures there has been no national data available for the academic year 2019/20.

During the national lockdown Bursley Academy remained open to keyworker children and provided robust remote education for those pupils who could not attend.

Manifold Academy during the same period was unable to open to keyworker pupils due to forced closure for essential maintenance work. Pupils of Manifold Academy were provided with robust remote learning to continue their education.

Hollinsclough Academy during the lockdown period, offered an opportunity for keyworker pupils to attend but due to their unique nature as a flexi-school, families chose to remain at home and follow the curriculum provided via remote education.

All academies within the trust opened to increased pupil numbers in June 2020 in line with Government guidelines.

For all academies, internal teacher assessment continued up to the point of closure and plans are in place to baseline all pupils upon full return to education in September 2020. This information will then be used to focus learning and ensure pupil's revised start points are accounted for and catch up programmes as well as revised whole class teaching and learning are in place to support pupils upon their return and support them to close the gaps within their learning.

Key Performance Indicators

	2020	2019
Total staff costs	£1,515,759	£1,415,482
(excluding agency and nursery costs)		
Staff costs per pupil	£ 3,635	£ 3,394
Staff costs to AWPU rate	132.3%	115.4%
Salary costs to GAG Income	85.13%	83.90%
Salary costs to total Income	57.25%	62.51%
(Includes CIF monies in 2019)		
Educational resources total costs	£79,152	£140,597
Educational resource costs per pupil	£190	£337
ICT provision total costs	£60,000	£30,427
ICT costs per pupil	£144	£74

The above ratios do not include agency supply costs of £79,764 compared to 2019: £99,529

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there any material uncertainties related to events or conditions that may cast a significant doubt over the ability of the academy trust to continue as a going concern. The trustees meet regularly and have made their assessment based on budgeting forecasts along with cash flow forecasts and reserve levels. The forecasts have been produced taking into account the impact of the Covid-19 pandemic and the costs that are likely to arise as a consequence. These forecasts demonstrate that the academy trust has sufficient cash to be able to continue to operate over the period under review.

The Praxis Trust

Trustees' Report (continued)

However, at the date of approval of this report, the trustees are exploring the potential transfer of the academies to other trusts. Following consultation with the Regional Schools Commissioner, it remains the focus of the trust to continue to explore the possibility of a merge with another trust or trusts, if the academies were to be best served by moving into different academy trusts.

At the date of approval of this report, the trust is currently in discussion with two other trusts' in relation to Bursley Academy moving to a trust which is geographically more appropriate and Manifold and Hollinsclough also moving together to a more relevant trust geographically. If the transfer is successful, The Praxis Trust, as a legal entity, will cease to trade.

This matter gives rise to a material uncertainty that may cast significant doubt over the ability of the academy trust to continue as a going concern should the trustees choose for educational and geographical reasons to re-broker all Praxis academies into new trusts. The board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future should the process of re-brokerage not occur or the trust decided against re-brokerage.

Financial Review

In the first year of operation, the MAT initially adopted the financial policies of the founder academy which had been in place and used for a number of years as laid down by the Academies Financial Handbook. The process of updating these for the MAT has continued during the year under review. Financial performance is monitored by regular reviews of income and expenditure versus planned budgets by the finance committee.

The trust's restricted income is principally obtained from the Department of Education via the Education and Skills Funding Agency and from the local authority as Nursery Education Funding. This income has been applied in maintaining, developing and running the academies within the trust.

The trustees have assessed the impact of Covid-19 across the Trust. There has been during the year, and continues to be, a financial impact. When the academies were forced to close between March 2020 and June 2020 to all pupils, other than key workers, there was a significant reduction in budgeted income across nursery parental income, lettings income and fundraising. Covid-19 has impacted on the academies ability to fundraise and, given the current economic climate, it is unlikely to recover to the same level in future years. This funding plays an important part in funding resources and activities across the Trust. A number of suppliers across the trust implemented PPN 02/20 and PPN 04/20 (procurement policy note) in respect of catering expenditure during the lockdown period. The Trust incurred further exceptional costs to allow the academies to re-open. Robust risk assessments were created that required the following: additional cleaning, purchase of PPE, protection screens, and signage. This expenditure is however, not eligible to be reclaimed from the ESFA. The period of closure between March 2020 and June 2020 brought a halt to the capital project at Bursley Academy. The impact of this delay means that it is anticipated that the project will run over by approximately 3 months.

The Trust has made a surplus of £339,320 before the gain on the defined pension scheme and adding back the depreciation charge. The main change in the constitution of the balance sheet relates to the increase in fixed assets and decrease in cash at bank in hand as at 31 August 2020.

Other income received from capital grants has increased significantly; this is due to the level of Condition Improvement Funding awarded in the current year relating to a roof project at Bursley Academy. Whilst the income relating to the roof project at Bursley Academy was recognised during 2019/20, the majority of the expenditure will occur during 2020/21. These works are expected to commence January 2021. Additional income received from lettings, out of school activities and fund raising, was greatly reduced due to Covid-19 school pandemic. Lettings and out of school activities do not account for a significant level of income within the overall budget.

It has been identified that Hollinsclough and Manifold's financial position based on their predicted intake and staffing costs leaves them in a financial vulnerable position and potentially at risk of closure in the future. To mitigate this, the trust has prepared a 5-year budget plan to allow the academies to remain financially viable. The trust has a clear overview of the financial positions of each academy and their longer term financial requirements.

The Praxis Trust

Trustees' Report (continued)

The trust uses HCSS budgeting and accounting software to closely monitor the budgets of the individual academies and consolidated at trust level. This continues to allow an increased level of control both over current spending and the development of future budgets to ensure the long-term viability of individual academies.

Reserves Policy

The reserves policy encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees determine an appropriate level of reserves and review the reserve levels annually.

Each individual academy reserves are held together along with central trust reserves. Each academy has access to their own individual reserves. The free reserves are monitored to ensure that they provide appropriate working capital for accruals and cover for contingencies.

The restricted and unrestricted funds are detailed in note 16. The unrestricted funds are free reserves. The trustees expect to designate reserves toward building renewal and expansion over the medium term.

All reserves amassed by the academies up until 31st August 2019 will be held by the academies. Subsequent reserves will be in line with reserves policy.

The trust has determined a target level for working capital and equivalent to one month's average payroll costs and 1/12th of annual expenditure currently set at £160,000 and is funded proportionately by each individual academy. Current reserves of £1,026,888 (excluding the pension reserve and restricted fixed asset fund are being held in line with above.

The trust is currently operating at a level which is above the working capital initially set, therefore the trust has a strong financial position.

Investment Policy

The trust aims to manage its cash balances to provide for the day to day working capital requirements of its operations, whilst protecting the real long-term value of any surplus cash balances against inflation. In addition, the trust aims to invest surplus cash funds to optimise return, ensuring the investments are such that there is no risk to the loss of these cash funds and they are invested in easily accessible accounts which are ethical and socially responsible. On the date of approval of this report, the trust holds no investments.

Principal Risks and Uncertainties

The principal risk faced by the Trust is the compliant operation and the adherence to policies and procedures of the three academies as a MAT, coupled with the financial challenges faced by two schools within the trust.

Following the Covid-19 pandemic, there remains a risk of continued financial restraints and associated costs, as well as a potential impact on pupil numbers and attendance levels whilst the pandemic and national restrictions continue. The impact of these risks will need to be monitored over time within individual academies.

Due to the context of the academies, particularly the two small rural academies a major risk is the recruitment and retention of staff and pupils and its impact on longer term viability. This has become increasingly challenging for all academies within the trust. The Principals are working closely with key staff to ensure that good staff are retained and that marketing strategies are developed to recruit pupils.

The details of the national funding formula continue to significantly influence the income of the trust. One of the principal uncertainties is the application of the national funding formula and the effect of this funding on the individual academies. Any changes to funding can have long term effects on the viability of individual academies and as such carefully budgeted plans have been developed to ensure the academies remain viable in the longer term.

The uncertainty concerning the completion of capital works represents a continuing operational risk to the trust. During the year 2017/18, the trust received capital income, from the 2018/19 Condition Improvement Fund, which funded the following project; expansion of Bursley Academy to two form entry which was conditional to receiving planning permission, this permission was granted during the academic year 2018/19. This project

The Praxis Trust

Trustees' Report (continued)

was delayed due to Covid-19 pandemic and the works were completed 31 October 2020.

The closure of the academies due to Covid-19 for such a significant period will result in large educational gaps for children in each year group and academy. The trustees will monitor the application of the national catch-up funding and its impact on pupil progress as well as monitoring the school's data to ensure gaps are closing and any support which is needed is managed well by the individual academy Principals. The maintenance of educational standards is critical; the trustees understand that for some pupils the damage of the closures will take more than one academic year to address especially in light of potential periods of self-isolation by both individual pupils and whole year groups within academies.

The trust has no financing obligations. The operational financial risks are considered minimal at present due to the nature and value of the net current assets.

The pension reserve, shown in restricted funds, is the trust's share of deficit on the Local Government Pension Scheme (LGPS), which represents the difference between the fair value of the assets within the LGPS and the present value of its defined benefit obligations, as detailed in note 24 to the accounts. The pension reserve stood at £951,000 deficit on 31 August 2020 compared with £858,000 deficit on 31 August 2019.

The Trust has continued with a 1% increase in contributions which was implemented April 2019, following receipt of the triennial revaluation figures received in November 2017.

Fundraising

Academies within the Trust carry out fundraising activities from time to time. The proceeds of which can either be for school funds or for external charities both national and local.

Fundraising activities vary from fairs, community events, own clothes days and cake sales; all of which are voluntary in both participation and donations.

Professional fundraisers are not used and events are organised within the individual academies by staff and/or parents and monitored by the Accounting Officer.

Complaints regarding fundraising would be addressed through the trust's normal complaints procedure.

Post Balance Sheet Events

Capital works at Bursley Academy funded by Condition Improvement Fund grant were completed by 31 October 2020.

Plans for Future Periods

The academies have a remarkably wide range of unique characteristics. The trust will utilise these characteristics to the best financial and educational advantage by encouraging each of the academies to work together.

Following consultation with the Regional Schools Commissioner, it remains the focus of the trust to continue to explore the possibility of a merge with another trust or trust's, if the academies were to be best served by moving into different academy trusts.

At the date of approval of this report, the trust is currently in discussion with two other trusts' in relation to Bursley Academy moving to a trust which is geographically more appropriate and Manifold and Hollinsclough also moving together to a more relevant trust geographically.

At Bursley Academy the intake capacity into the reception year in September 2020 will expand from 45 to 60 pupils. This will allow the academy to organically grow its pupil numbers in a sustainable and financially astute way, until the academy reaches its maximum capacity and becomes a complete two form entry, with single stream classes for each year group.

The site of Manifold continues to be explored as a potential finance stream.

Funds Held as Custodian

The trust does not hold any funds on behalf of others.

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Trustees' Report (continued)

Auditor

Insofar as the trustees are aware:

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

RSM UK Audit LLP has indicated its willingness to continue in office.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 25 January 2021 and signed on the board's behalf by:

A handwritten signature in blue ink that reads "D Skupham" followed by a long, sweeping horizontal line.

D Skupham

Chair of Trustees

The Praxis Trust

Governance Statement

Scope of Responsibility

As trustees we acknowledge we have overall responsibility for ensuring that The Praxis 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 Senior Executive Lead, 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 Praxis Trust and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The board of trustees has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
C Beardmore	4	4
C Hall	1	2
G Hutton	4	4
E Masterson	0	0
D Skupham (Chair)	4	4
B Wilkinson (Accounting Officer)	4	4

The trust board has been ably supported by the Senior Executive Lead and the Chief Finance Officer. The stability in these positions has enabled core policies and procedures to be developed with consistency and monitoring schedules effectively developed. The trust is now looking at potential merge plans and operational models to enable it to further meet the needs of the individual academies.

The Finance Committee is a sub-committee of the main board of trustees. Its purpose is to:

- set spending priorities
- consider, approve and monitor the budget
- determine virement and expenditure thresholds
- evaluate the effectiveness of spending decisions
- approve and ensure sufficient oversight to ensure adherence with the finance procedures manual and the Academies Financial Handbook

The trust board intends to undertake a governance audit; reviewing the skills of the trust board and that of the local governing bodies. This will comprise of a review of each local governing body against the scheme of delegation to ensure they are enacting their responsibilities as set in the Academies Financial Handbook. A review by the trust board against the scheme of delegation was due to be completed by March 2020 this has been delayed to due Covid-19 this review will now take place during Spring 2021.

The trust has two committees which are; Finance Committee, Teaching and Learning Committee.

Attendance at meetings in the year was as follows:

Trustee	Meetings Attended	Out of a possible
B Beardmore	1	2
C Hall	2	2
G Hutton	1	2
D Skupham	2	2
J Wilkinson	2	2

The Praxis Trust

Governance Statement (continued)

The principal of Bursley academy continues to be seconded to the role of the Senior Executive Lead and the Chief Finance Officer continue in their positions. This has given stability to the structure.

Review of Value for Money

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

The accounting officer considers how the 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 appropriate. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Utilisation and retention of high quality agency staff during Covid-19 restrictions as well as retention and support of staff across all academies in relation to their needs and workload whilst undertaking remote education, shielding and working from home/in academies.
- Supporting the on-going work of the Chief Finance Officer who ensures consistent financial practice and therefore the financial stability of the trust whilst remaining in line with the current Trust budget.
- Overview of the financial and governance policies/procedures to ensure they remain fit for purpose; and the internal financial controls remain robust and adhered to within the trust.
- Through dual control of the bank account the accounting officer has been able to closely monitor the financial transactions to ensure staffing and spending remain on track to ensure the future financial viability of each individual academy.
- The Accounting Officer in conjunction with the Chief Finance Officer has during the year and specifically during the Covid-19 pandemic, reviewed all additional costs incurred to ensure the impact on the long term budgets for each academy remains minimal.
- Maintaining good relationships with suppliers which has ensured fair and consistent pricing and supply across the member academies.
- Monitoring the systems and spending patterns to ensure full compliance with the requirements of the ESFA and the Academies Financial Handbook 2019.
- Utilised financial benchmarking tools to compare financial data and financial performance with peers

During 2019/20 a 6% top slice was taken from individual academies GAG funding, this amounted to £101,556 (2018/19: £100,428). This money provided the following centralised services; Senior Executive Lead (2 days per week), Chief Finance Officer and centralised finance function, a MAT subscription for The Key for School Leaders and The Key for School Governors, Governor Clerking services, HR legal services, auditor costs, accountancy costs, HCSS budgeting and software packages plus principal's performance management.

The Praxis Trust

Governance Statement (continued)

The Purpose of the System of Internal Control

Bursley Academy operated as a single academy trust from 01 April 2012 to 31 August 2015. The system of internal control established at Bursley Academy was refined over this period to manage the risks at that academy.

The trust converted into a multi academy trust on 01 September 2015. The Hollinsclough and Manifold schools entered the trust as newly converted academies on the same date. The trust merged the new academies into its existing accounting system and extended its existing system of internal financial controls to manage the risk of financial irregularities.

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. It is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Praxis Trust for the period 01 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the multi academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the multi academy trust significant risks that has been in place for the period 01 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

- controlled monitoring by the principals and the finance committee
- comprehensive budget setting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- clearly defined purchasing (asset purchase or capital investment) guidelines
- delegation of authority and segregation of duties
- identification and management of risks

The board of trustees has decided to buy in an internal audit service from VAST, the need for a specific internal audit function and has decided that VAST will continue to perform the role of internal auditor; this includes the role of Responsible Officer.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems and procedures. The internal auditor reports to the board of trustees, through the finance committee, on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The internal auditor delivered their termly schedule of work as planned checks were carried out and a review of the following areas were undertaken; income, grants and other income, debit card entries, journal entries, purchases and review of accounting system and no material control issues were identified. The trust has considered and continues to review their recommendations.

The robust procedures to mitigate risk along with the high level of monitoring and review put in place by the Chief Finance Officer, ensures that the trust's financial management continues to be exemplary. Any potential issues that have been identified have been resolved both efficiently and effectively.

The Praxis Trust

Governance Statement (continued)

Review of Effectiveness

As accounting officer, the Senior Executive Lead 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 financial management and governance self-assessment process or the school resource management self-assessment tool
- the work of the senior staff within the academy trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 25 January 2021 and signed on its behalf by:



D Skupham
Chair of Trustees



J B Wilkinson
Accounting Officer

The Praxis Trust

Statement of Regularity, Propriety and Compliance

As accounting officer of The Praxis Trust I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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



J B Wilkinson
Accounting Officer

25 January 2021

The Praxis Trust

Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2019 to 2020.
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the Members of the Board of Trustees on 25 January 2021 and signed on its behalf by:



D Skupham

Chair of Trustees

25 January 2021

Independent Auditor's Report on the Financial Statements to the Members of The Praxis Trust Year Ending on 31 August 2020

Opinion

We have audited the financial statements of The Praxis Trust (the "charitable company") for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Material uncertainty relating to going concern

We draw attention to note 1 in the financial statements, headed "Going concern", which indicates that the trustees are exploring the potential transfer of the academies to other trusts. If the transfer is successful, The Praxis Trust, as a legal entity, will cease to trade.

As stated in note 1, this matter gives rise to a material uncertainty that may cast significant doubt over the academy trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matter prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

Independent Auditor's Report to the Members of The Praxis Trust (continued) Year Ending on 31 August 2020

- The Directors' Report and The Strategic Report included within the Trustees Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' 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 by the charity, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 19 the trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://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.

RSM UK Audit LLP

John Guest (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF
Date: 27 January 2021

The Praxis Trust
Statement of Financial Activities for the Year Ended 31 August 2020
(including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2020 £	Total 2019 £
Income and endowments from:						
Donations and capital grants	2	11,673	3,596	350,481	365,750	47,436
Other trading activities	3	15,216	-	-	15,216	11,852
Investment income	4	946	-	-	946	994
<i>Charitable activities:</i>						
Funding for the academy trust's educational operations	5	-	2,252,061	-	2,252,061	2,164,665
Other income	6	13,813	-	-	13,813	39,243
Total		41,648	2,255,657	350,481	2,647,786	2,264,190
Expenditure on:						
<i>Charitable activities:</i>						
Academy trust's educational operations	8	11,166	2,297,300	113,627	2,422,093	2,359,225
Total		11,166	2,297,300	113,627	2,422,093	2,359,225
Net income/(expenditure) resources before transfers		30,482	(41,643)	236,854	225,693	(95,035)
Gross transfers between funds	16	-	-	-	-	-
Other recognised gains and losses						
Actuarial gains/(losses) on defined benefit pension schemes	16, 24	-	2,000	-	2,000	(308,000)
Net movement in funds		30,482	(39,643)	236,854	227,693	(403,035)
Reconciliation of funds						
Funds brought forward at 1 September 2019	16	248,937	(163,888)	6,935,977	7,021,026	7,424,061
Total funds carried forward at 31 August 2020		279,419	(203,531)	7,172,831	7,248,719	7,021,026

All of the academy trusts' activities derive from continuing operations during the above two financial years. A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

**Company Registration Number:
07972070 (England and Wales)
The Praxis Trust
Balance sheet as at 31 August 2020**

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible Assets	13		6,145,088		4,552,067
Current assets					
Debtors	14	991,940		1,115,444	
Cash at bank and in hand		1,203,645		2,369,593	
		2,195,585		3,485,037	
Liabilities					
Creditors: Amounts falling due within one year	15	(140,954)		(158,078)	
Net current assets			2,054,631		3,326,959
Total assets less current liabilities			8,199,719		7,879,026
Pension scheme liability	24		(951,000)		(858,000)
Net assets including pension liability			7,248,719		7,021,026
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	16	7,172,831		6,935,977	
Restricted income fund	16	747,469		694,112	
Pension reserve	16	(951,000)		(858,000)	
Total restricted funds			6,969,300		6,772,089
Unrestricted income funds					
Unrestricted income funds	16	279,419		248,937	
Total unrestricted funds			279,419		248,937
Total funds	16		7,248,719		7,021,026

The financial statements on pages 22 to 43 were approved by the trustees and authorised for issue on 25 January 2021 and are signed on their behalf by:



D Skupham
Chair of Trustees

The Praxis Trust
Statement of Cash Flows for the Year Ended 31 August 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	20	245,586	(323,002)
Cash flows from investing activities			
	21	(1,411,534)	1,383,644
Change in cash and cash equivalents in the reporting period		<u>(1,165,948)</u>	<u>1,060,642</u>
Cash and cash equivalents at 1 September 2019		2,369,593	1,308,951
Cash and cash equivalents at 31 August 2020		<u>1,203,645</u>	<u>2,369,593</u>

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

1. Accounting Policies

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

Basis of Preparation

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

The Praxis Trust meets the definition of a public benefit entity under FRS 102.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there any material uncertainties related to events or conditions that may cast a significant doubt over the ability of the academy trust to continue as a going concern. The trustees meet regularly and have made their assessment based on budgeting forecasts along with cash flow forecasts and reserve levels. The forecasts have been produced taking into account the impact of the covid-19 pandemic and the costs that are likely to arise as a consequence. These forecasts demonstrate that the academy trust would be able to continue to operate within its existing facilities.

However, at the date of approval of this report, the trustees are exploring the potential transfer of the academies to other trusts. Following consultation with the Regional Schools Commissioner, it remains the focus of the trust to continue to explore the possibility of a merge with another trust or trust's, if the academies were to be best served by moving into different academy trusts.

At the date of approval of this report, the trust is currently in discussion with two other trusts' in relation to Bursley Academy moving to a trust which is geographically more appropriate and Manifold and Hollinsclough also moving together to a more relevant trust geographically. If the transfer is successful, The Praxis Trust, as a legal entity, will cease to trade.

This matter gives rise to a material uncertainty that may cast significant doubt over the ability of the academy trust to continue as a going concern should the trustees choose for educational and geographical reasons to re-broker all Praxis academies into new trusts. The board of trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future should the process of re-brokerage not occur or the trust decided against re-brokerage.

Income

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

Grants

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

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

Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

1. Accounting Policies (continued)

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 where there is entitlement and are not deferred over the life of the asset on which they are expended.

Donations

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

Other Income

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

Donated goods, facilities and services

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

Expenditure

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

Expenditure on Raising Funds

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

Charitable Activities

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

1. Accounting Policies (continued)

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:

Computer equipment	over three years
Fixtures, fittings and equipment	over five years
Long leasehold improvements land and buildings	over term of the lease
Church land and buildings	over fifty years
Motor Vehicles	over five years

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

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

Leased Assets

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

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. 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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

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

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

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an un-funded

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

The amounts charged to net income / (expenditure) are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of Financial Activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

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

Fund Accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the 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.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The academy trust considers there not to be any critical areas of judgement.

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

2. Donations and capital grants

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Capital grants	-	16,691	16,691	38,978
Condition Improvement Fund	-	333,790	333,790	-
Other donations	11,673	3,596	15,269	8,458
	<u>11,673</u>	<u>354,077</u>	<u>365,750</u>	<u>47,436</u>

The income from donations and capital grants was £365,750 (2019: £47,436) of which £11,673 was unrestricted (2019: £8,458), £3,596 restricted (2019: £38,978) and £350,481 restricted fixed assets (2019: £38,978).

3. Other trading activities

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Hire of facilities	6,536	-	6,536	7,890
Fundraising and Events	8,680	-	8,680	3,962
	<u>15,216</u>	<u>-</u>	<u>15,216</u>	<u>11,852</u>

The income from other trading activities was £15,216 (2019: £11,852) of which £15,216 was unrestricted (2019: £11,852), £nil restricted (2019: £nil) and £nil restricted fixed assets (2019: £nil).

4. Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Bank Interest Receivable	946	-	946	994
	<u>946</u>	<u>-</u>	<u>946</u>	<u>994</u>

The income from investments was £946 (2019: £994) of which £946 was unrestricted (2019: £994), £nil restricted (2019: £nil) and £nil restricted fixed assets (2019: £nil).

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

5. Funding for Academy Trust's Educational Operations

	Unrestricted Funds	Restricted Funds £	Total 2020 £	Total 2019 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,780,500	1,780,500	1,687,133
Other DfE / ESFA grants	-	274,078	274,078	244,739
	-	<u>2,054,578</u>	<u>2,054,578</u>	<u>1,931,872</u>
Other Government grants				
NEF Funding	-	157,639	157,639	154,211
	-	<u>157,639</u>	<u>157,639</u>	<u>154,211</u>
Other				
Nursery income	-	10,474	10,474	20,149
Other income from the academy trust's educational operations	-	9,244	9,244	19,659
Catering Income	-	20,126	20,126	38,774
	-	<u>39,844</u>	<u>39,844</u>	<u>78,582</u>
	-	<u>2,252,061</u>	<u>2,252,061</u>	<u>2,164,665</u>

The income from the funding for academy trust's educational operations was £2,252,061 (2019: £2,164,665) of which £nil was unrestricted (2019: £nil), £2,252,061 restricted (2019: £2,164,665) and £nil restricted fixed assets (2019: £nil).

6. Other income

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Insurance income	7,488	-	7,488	19,074
Other sundry income	6,325	-	6,325	20,169
	<u>13,813</u>	<u>-</u>	<u>13,813</u>	<u>39,243</u>

Other income was £13,813 (2019: £39,243) of which £13,813 was unrestricted (2019: £39,243), £nil restricted (2019: £nil) and £nil restricted fixed assets (2019: £nil).

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

7. Expenditure

	Staff Costs £	Non Pay Expenditure		Total 2020 £	Total 2019 £
		Premises £	Other Costs £		
Academy's educational operations					
Direct costs	1,377,017	-	146,856	1,523,873	1,514,136
Allocated support costs	361,004	113,627	423,590	898,220	845,089
	<u>1,738,021</u>	<u>113,627</u>	<u>570,446</u>	<u>2,422,093</u>	<u>2,359,225</u>

Net income/(expenditure) for the period includes:

	Total 2020 £	Total 2019 £
Operating lease rentals	1,708	1,880
Depreciation	113,627	101,097
Fees payable to auditor (RSM UK Audit LLP) for:		
Audit	18,550	18,350
Other assurance services	3,950	3,950
Fees payable to external accountant (VAST) for:		
Responsible Officer fee	1,350	1,350
Accounts preparation	2,500	2,500
	<u>141,485</u>	<u>129,127</u>

8. Charitable Activities – Academy's Educational Operations

	Total 2020 £	Total 2019 £
Direct Costs		
Teaching and educational support staff costs	1,377,017	1,291,271
Educational supplies	79,152	140,597
Technology costs	58,045	62,113
Other direct costs	9,659	20,155
	<u>1,523,873</u>	<u>1,514,136</u>
Allocated support costs		
Support staff costs	361,004	335,206
Defined benefit pension scheme costs	95,000	64,000
Depreciation	113,627	101,097
Maintenance of premises and equipment	34,469	29,484
Utilities	44,233	51,381
Cleaning	24,210	22,264
Insurance	13,635	15,277
Administration and technology	31,964	24,148
Catering	105,440	125,293
Other support costs	28,245	26,273
Governance costs	46,393	50,666
	<u>898,220</u>	<u>845,089</u>
	<u>2,422,093</u>	<u>2,359,225</u>

The expenditure on charitable activities was £2,422,093 (2019: £2,359,225) of which £11,166 was unrestricted (2019: £5,784), £2,297,300 restricted (2019: £2,252,344) and £113,627 restricted fixed assets (2019: £101,097).

The Praxis Trust
Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

9. Staff Costs

Staff costs during the period were:	Total 2020 £	Total 2019 £
Wages and salaries	1,267,040	1,210,701
Social security costs	111,779	108,584
Pension costs	279,438	207,662
	1,658,257	1,526,947
Agency teacher costs	79,764	99,529
	1,738,021	1,626,476

Agency teacher costs relate to costs incurred to cover staff absence.

Included in the above are Nursery staff salaries of:	£	£
Wages and salaries	109,101	88,399
Social security costs	9,316	7,519
Pension costs	24,081	15,547
	142,498	111,465

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

	2020 No.	2019 No.
Charitable Activities		
Teachers	21	21
Administration and support	40	39
Management	5	5
	66	65

Higher paid staff

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

	2020 No.	2019 No.
£60,001 - £70,000	1	1

Key Management personnel

The key management personnel of the academy 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 national insurance contributions) received by key management personnel for their services to the academy trust was £212,698 (2019: £211,797).

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

10. Trustees' Remuneration and Expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff member under their contracts of employment. No trustees were remunerated in the prior year.

		2020	2019
		£	£
Mr J B Wilkinson, Accounting Officer	Remuneration	65,000 -	-
		70,000	
	Pension contributions paid	15,000 -	-
		20,000	

11. Trustees' and Officers' Insurance

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

12. Related Party Transactions

Chesterton Academy Trust in which D Skupham (Trustee) is a director and Headteacher.

During the year ended 31.08.20, Bursley Academy purchased Swimming, Broadband and ICT services from Chesterton Academy Trust totalling £19,921 (2019: £15,526)

- There were no amounts outstanding as at 31 August 2020 or 31 August 2019.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019 and that of the trust Financial Handbook

The element above £2,500 has been provided 'at no more than cost' and Chesterton Academy Trust has provided a statement of assurance confirming this.

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

13. Tangible Fixed Assets

	Leasehold Land and Buildings £	Leasehold Improvements £	Fixtures, Fittings & Equipment £	Computer Equipment £	Vehicles £	Total £
Cost						
At 1 September 2019	3,254,318	1,483,784	124,326	104,282	28,366	4,995,075
Additions	-	1,627,366	47,316	31,965	-	1,706,647
At 31 August 2020	<u>3,254,318</u>	<u>3,111,150</u>	<u>171,642</u>	<u>136,247</u>	<u>28,366</u>	6,701,722
Depreciation						
At 1 September 2019	220,910	40,154	71,393	99,205	11,346	443,008
Charged in year	34,196	29,784	29,000	14,973	5,674	113,627
At 31 August 2020	<u>255,106</u>	<u>69,938</u>	<u>100,393</u>	<u>114,178</u>	<u>17,020</u>	556,635
Net book values						
At 31 August 2020	<u>2,999,212</u>	<u>3,041,212</u>	<u>71,249</u>	<u>22,069</u>	<u>11,346</u>	6,145,088
At 31 August 2019	<u>3,033,408</u>	<u>1,443,630</u>	<u>52,933</u>	<u>5,077</u>	<u>17,020</u>	4,552,067

At 31 August 2017 The Praxis Trust had a full valuation of land and buildings at Bursley Academy. The Valuation Report was prepared by Gavin Scott-Brooker B.Sc. F.R.I.C.S., DipNDEA of Brooker & Co (Nantwich) Limited Chartered Surveyors & Valuers. The property is a primary school, for which there would be no tradable market, and it is therefore regarded as 'specialised property', and the basis of valuation adopted is depreciated replacement cost. The trust took the decision to use the ESFA desktop valuation for the financial year ending 31 August 2017 for both Hollinsclough C of E Academy and Manifold C of E Academy and continue to do so.

Recognition on transfer to academy status

Where assets were received by the Trust on conversion to a multi academy trust, the transferred assets were measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership passed to the Trust. An equal amount of income was recognised as transfer on conversion within donations and capital grant income.

The Trust, since academisation in 2015 has held the land and buildings of Hollingsclough C of E Academy, and the buildings of Manifold C of E Academy, on a licence to occupy from the owners, the Church of England Central Education Trust (CECET), as evidenced in the Church Supplemental Agreement. The land and buildings are recognised in the balance sheet on the basis of the flow of future economic benefit from the use of the property and its continuing occupancy by the school on the basis of substance over form. The properties were valued at depreciated replacement cost in 2015 by ESFA and are being depreciated over 50 years (its remaining useful economic life).

On conversion to academy during year ended 31 August 2012, Bursley Academy received transfer of property under lease agreements and license arrangements for £nil consideration. The land and buildings were valued by Kier Group plc. for the ESFA on the basis of fair value and were transferred to the Trust with a 125-year lease agreement with Staffordshire County Council. The land upon which the Manifold C of E Academy buildings sit is owned by Staffordshire County Council and agreement for the use of the Land is in place until the agreement is terminated.

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

14. Debtors

	2020 £	2019 £
VAT recoverable	61,427	91,754
Prepayments and accrued income	930,182	1,023,582
Other debtors	331	108
	<u>991,940</u>	<u>1,115,444</u>

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	43,045	44,618
Other creditors	1,170	-
Accruals and deferred income	96,739	113,460
	<u>140,954</u>	<u>158,078</u>

Deferred Income

	2020 £
Deferred Income at 1 September 2019	69,841
Resources deferred in the year	61,121
Amounts released from previous years	<u>(69,841)</u>
Deferred Income at 31 August 2020	<u>61,121</u>

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

16. Funds

	Balance at 1 September 2019	Incoming Resources	Resources Expended	Gains, Losses and Transfers	Balance at 31 August 2020
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	243,870	1,780,500	(1,755,583)	-	268,787
Other DfE/ESFA grants	164,941	274,078	(274,078)	-	164,941
Pension reserve	(858,000)	-	(95,000)	2,000	(951,000)
Nursery funding	258,892	168,113	(143,268)	-	283,737
School visits	-	9,244	(9,245)	-	(1)
Other donations	-	3,596	-	-	3,596
Catering income	7,935	20,126	(20,126)	-	7,935
Assets on conversion	18,474	-	-	-	18,474
	(163,888)	2,255,657	(2,297,300)	2,000	(203,531)
Restricted fixed asset funds					
DfE/ESFA capital grants	52,934	16,691	(29,001)	-	40,624
Capital Balance transferred on conversion/merger	11,137	-	-	-	11,137
Leasehold premises	3,033,408	-	(34,196)	-	2,999,212
Capital expenditure from GAG	16,051	-	(15,707)	-	344
Classroom extension	172,865	-	(1,478)	-	171,387
Other donations	15,035	-	(5,012)	-	10,023
Condition Improvement Fund	3,634,547	333,790	(28,233)	-	3,940,104
	6,935,977	350,481	(113,627)	-	7,172,831
Total restricted funds	6,772,089	2,606,138	(2,410,927)	2,000	6,969,300
Unrestricted funds					
Unrestricted funds	248,937	41,648	(11,166)	-	279,419
Total unrestricted funds	248,937	41,648	(11,166)	-	279,419
Total funds	7,021,026	2,647,786	(2,422,093)	2,000	7,248,719

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

16. Funds (continued)

	Balance at 1 September 2018	Incoming Resources	Resources Expended	Gains, Losses and Transfers	Balance at 31 August 2019
	£	£	£	£	£
Restricted general funds					
General Annual Grant (GAG)	201,554	1,687,132	(1,742,476)	97,660	243,870
Other DfE/ESFA grants	164,941	244,739	(244,739)	-	164,941
Sponsor capacity fund	-	38,978	(29,538)	(9,440)	-
Pension reserve	(486,000)	-	(64,000)	(308,000)	(858,000)
Nursery funding	197,689	174,361	(113,158)	-	258,892
School visits	-	18,609	(18,609)	-	-
Other donations	-	1,050	(1,050)	-	-
Catering income	7,935	38,774	(38,774)	-	7,935
Assets on conversion	18,474	-	-	-	18,474
	104,593	2,203,643	(2,252,344)	(219,780)	(163,888)
Restricted fixed asset funds					
DfE/ESFA capital grants	25,996	-	(19,536)	46,474	52,934
Capital Balance transferred on conversion/merger	11,137	-	-	-	11,137
Leasehold premises	3,067,604	-	(34,196)	-	3,033,408
Capital expenditure from GAG	65,261	-	(12,176)	(37,034)	16,051
Classroom extension	174,343	-	(1,478)	-	172,865
Other donations	20,047	-	(5,012)	-	15,035
Condition Improvement Fund	3,660,442	-	(25,895)	-	3,634,547
Other	2,804	-	(2,804)	-	-
	7,027,634	-	(101,097)	9,440	6,935,977
Total restricted funds	7,132,227	2,203,643	(2,353,441)	(210,340)	6,772,089
Unrestricted funds					
Unrestricted funds	291,834	60,547	(5,784)	(97,660)	248,937
Total unrestricted funds	291,834	60,547	(5,784)	(97,660)	248,937
Total funds	7,424,061	2,264,190	(2,359,225)	(308,000)	7,021,026

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

- 1 The restricted general funds must be used for the normal running costs of the Academy or as specifically designated by the fund originator. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2020. The Pension reserve is the deficit in the Local Government Pension Scheme.
- 2 The restricted fixed assets funds include capital grants, the transfer of the leasehold property at nil consideration by the local authority and capital reserves transferred on conversion. These are designated for purchase of capital items, maintenance and future expansion.
- 3 Unrestricted funds include transferred reserves from the local authority on conversion and School Fund balances. These may be spent at the discretion of the governors.

The Praxis Trust
Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

16. Funds (continued)

Fund balances at 31 August 2020 were allocated as follows:

	Total 2020 £	Total 2019 £
Multi Academy Trust central services	14,693	12,812
Bursley Academy	839,376	785,501
Hollinsclough Academy	117,297	98,901
Manifold Academy	55,522	45,835
Total before fixed assets and pension reserve	1,026,888	943,049
Restricted fixed asset fund	7,172,831	6,935,977
Pension reserve	(951,000)	(858,000)
Total	7,248,719	7,021,026

Total cost analysis by academy

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excluding Depreciation and Defined Benefit Pension Scheme Costs) £	Total 2020 £	Total 2019 £
Central services	9,612	37,609	-	53,399	100,620	95,643
Bursley Academy	949,566	220,681	53,179	200,272	1,423,698	1,377,901
Hollinsclough Academy	184,650	52,845	9,304	50,344	297,143	312,844
Manifold Academy	233,189	49,868	16,668	92,280	392,005	407,741
Academy Trust	1,377,017	361,003	79,151	396,295	2,213,466	2,194,129

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

17. Analysis of Net assets between Funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds 2020
	£	£	£	£
Tangible fixed assets	-	-	6,145,088	6,145,088
Current assets	279,419	888,423	1,027,743	2,195,585
Current liabilities	-	(140,954)	-	(140,954)
Pension scheme liability	-	(951,000)	-	(951,000)
Total net assets	279,419	(203,531)	7,172,832	7,248,719

Fund balances at 31 August 2019 were represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds 2019
	£	£	£	£
Tangible fixed assets	-	-	4,552,067	4,552,067
Current assets	248,937	852,190	2,383,910	3,485,036
Current liabilities	-	(158,078)	-	(158,078)
Pension scheme liability	-	(858,000)	-	(858,000)
Total net assets	248,937	163,888	6,935,977	7,021,026

18. Capital Commitments

	2020 £	2019 £
Contracted for, but not provided for in the financial statements	1,152,285	2,286,309
	<u>1,152,285</u>	<u>2,286,309</u>

19. Commitments under Operating Leases

Operating Leases

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

	2020 £	2019 £
Amounts due within one year	1,708	1,708
Amounts due between one and five years	3,362	5,070
Amounts due after five years	-	-
	<u>5,070</u>	<u>6,778</u>

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

20. Reconciliation of net income/ (expenditure) to net cash flow from operating activities

	2020 £	2019 £
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	225,693	(95,035)
Adjusted for:		
Depreciation (note 13)	113,627	101,097
Capital grants from DfE and other capital income	(350,481)	(38,978)
Interest receivable (note 4)	(946)	(994)
Defined benefit pension scheme cost less contributions payable (note 24)	77,000	51,000
Defined benefit pension scheme finance cost (note 24)	18,000	13,000
(Increase)/decrease in debtors	179,816	(157,900)
Increase/(decrease) in creditors	(17,123)	(195,192)
Net cash provided by/(used in) Operating Activities	245,586	(323,002)

21. Cash flows from investing activities

	2020 £	2019 £
Dividends, interest and rents from investments	946	994
Purchase of tangible fixed assets	(1,706,647)	(694,015)
Capital grants from DfE/ESFA	294,167	2,076,665
Net cash provided by/(used in) investing activities	(1,411,534)	1,383,644

22. Analysis of cash and cash equivalents

	At 31 August 2020 £	At 31 August 2019 £
Cash in hand and at bank	1,203,645	2,369,593
Total cash and cash equivalents	1,203,645	2,369,593

23. Members' Liability

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

The Praxis Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

24. Pension and Similar Obligations

The academy'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 Staffordshire County Council. Both are multi-employer defined-benefit schemes.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year (2019: £nil).

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment. The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary – these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £193,775 (2019: £129,551).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £109,000 (2019: £93,000) of which employer's contributions totalled £88,000 (2019: £75,000) and employees' contributions totalled £21,000 (2019: £18,000). The agreed contribution rates for future years are 24.20% for employers and an average of 6.62% for employees.

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Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

24. Pension and Similar Obligations (continued)

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

Principal Actuarial Assumptions	At 31 August 2020	At 31 August 2019
Rate of increase in salaries	2.60%	2.70%
Rate of increase for pensions in payment/inflation	2.20%	2.30%
Discount rate for scheme liabilities	1.70%	1.90%
Inflation assumption (CPI)	2.60%	2.70%
Commutation of pensions to lump sums	50.00%	50.00%

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

	At 31 August 2020	At 31 August 2019
<i>Retiring today</i>		
Males	21.1	21.1
Females	23.6	23.5
<i>Retiring in 20 years</i>		
Males	22.1	22.2
Females	25.0	24.8

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Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

24. Pension and Similar Obligations (continued)

Local Government Pension Scheme (Continued)

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

	Fair Value at 31 August 2020 £	Fair value at 31 August 2019 £
Equities	782,000	760,920
Bonds	230,000	246,180
Property	92,000	89,520
Cash	46,000	22,380
Total market value of assets	1,150,000	1,119,000

Amounts recognised in the statement of financial activities

	2020 £	2019 £
Current service cost (net of employee contributions)	(165,000)	(126,000)
Net interest cost	(18,000)	(13,000)
Total operating charge	(183,000)	(139,000)

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

	2020 £	2019 £
At 1 September	(1,977,000)	(1,443,000)
Current service cost	(165,000)	(126,000)
Past service costs	-	(11,000)
Interest cost	(40,000)	(42,000)
Employee contributions	(21,000)	(18,000)
Actuarial loss/(gain)	88,000	(342,000)
Benefits paid	14,000	5,000
At 31 August	(2,101,000)	(1,977,000)

Movements in the fair value of academy trust's share of scheme assets:

	2020 £	2019 £
At 1 September	1,119,000	968,000
Expected return on assets	22,000	29,000
Return on plan assets (excluding amounts recognised in net interest)	(86,000)	34,000
Employer contributions	88,000	75,000
Employee contributions	21,000	18,000
Benefits paid	(14,000)	(5,000)
At 31 August	1,150,000	1,119,000

Independent Reporting Accountant's Assurance Report on Regularity to The Praxis Trust and the Education and Skills Funding Agency

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 18 July 2018 and further to the requirements of the Education and Skills Funding Agency ('ESFA') as included in the Academies Accounts Direction 2019 to 2020, to obtain limited assurance about whether the expenditure disbursed and income received by The Praxis Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2019 to 2020 Annex B: Regularity Reporting. We are independent of The Praxis Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of The Praxis Trust's accounting officer and trustees

The accounting officer is responsible, under the requirements of The Praxis Trust's funding agreement with the Secretary of State for Education dated 01 April 2012 and the Academies Financial Handbook extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of The Praxis Trust and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

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 the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2019 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was

undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2019 to 2020.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

Use of our report

This report is made solely to The Praxis Trust and the ESFA in accordance with the terms of our engagement letter dated 18 July 2018. Our work has been undertaken so that we might state to The Praxis Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Praxis Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP

Chartered Accountants

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Manchester

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Date: 27 January 2021