

Registered number: 13153266

Three Spires Trust

Trustees' Report and Financial Statements

For the Period Ended 31 August 2021



Three Spires Trust
(A Company Limited by Guarantee)

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Reference and Administrative Details

Members	The Venerable Dr D Lee (appointed 22 January 2021) Mr J Naylor (appointed 22 January 2021) Bishop M Parker (appointed 22 January 2021) Mrs C Shaw (appointed 22 January 2021) Mr D Shemilt (appointed 22 January 2021)
Trustees	Dr D Lee, Chair of Trustees (appointed 22 January 2021) ¹ Mr B Halstead (appointed 22 January 2021) ¹ Mr J Lawson (appointed 22 January 2021) ¹ Mrs J Pilmore (appointed 10 March 2021) Mr P Dolman (appointed 28 January 2021) ¹ Mr S Hudman (appointed 22 January 2021) ¹ Mr S Farar (appointed 25 March 2021) Mr M Maydew (appointed 22 January 2021, resigned 14 October 2021)
	¹ Finance, Audit & Risk (FAR) Committee
Company registered number	13153266
Company name	Three Spires Trust
Principal and registered office	New Beacon Building Stafford Education & Enterprise Park Weston Road Stafford ST18 0BF
Chief executive officer	Mrs E Verow
Senior management team	Mrs E Verow, Interim Chief Executive Officer & Executive Headteacher Mr R Mayfield, Chief Financial Officer Mr R Timmis, Interim Director of Operations Mr J Arnold, Interim Principal, St Peter's Collegiate Academy Mr S Hall, Head of School, St Thomas' CE Primary Academy Mr W Wilson, Head of School, The King's Church of England Academy, Kidsgrove
Independent auditors	Dains LLP Suite 2, Albion House 2 Etruria Office Village Forge Lane Stoke on Trent ST1 5RQ
Bankers	Lloyds Bank plc 25 Gresham Street London EC2V 7HN
Solicitors	VWV Second Floor 3 Bridley Place Birmingham B1 2JB

Three Spires Trust
(A Company Limited by Guarantee)

Trustees' Report
For the Period Ended 31 August 2021

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the period 22 January 2021 to 31 August 2021. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The Three Spires Trust operates 2 secondary academies and 1 primary academy within the Diocese of Lichfield. The Trusts academies have a combined pupil capacity of 2,546 and had a roll of 2,234 in the school census in October 2021.

Structure, governance and management

a. Constitution

The academy trust is a charitable 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 Three Spires Trust are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Three Spires Trust.

Details of the Trustees who served during the period, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

b. 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 £1, for the debts and liabilities contracted before they ceased to be a member.

c. Trustees' indemnities

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and officer from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £10,000,000 on any one claim.

d. Method of recruitment and appointment or election of Trustees

The management of the academy trust is the responsibility of the Trustees who are elected and co opted under the terms of the Trust memorandum and articles of association. Trustees are appointed to the Trust Board under sections 50-63 of the Three Spires Trust articles of association.

Structure, governance and management (continued)

e. Policies adopted for the induction and training of Trustees

The Three Spires Trust provides induction and training for new Trustees that is dependent upon their experience. All new Trustees are welcomed into the Trust by the Governance Professional who is responsible for their induction once they have completed all necessary checks.

The Trust utilises an online portal known as "Governor Hub". Governor Hub allows Trustees to gain immediate access to all Governance information. One of the benefits of this system is that it enables the Trust to avoid overwhelming new Trustees with a huge printed induction pack. In particular, Trustees are directed towards the following information:

- Organisational structure
- Trust Articles of Association
- Trust Committee Terms of Reference
- Trust Scheme of Delegation
- Keeping Children Safe in Education (KCSIE)
- Education & Skills Funding Agency Academies Handbook

All Trustees must complete and sign a declaration to state that they are eligible to perform the duties of a Director, as well as declaring any business and pecuniary interests.

Trustees complete a skills audit on appointment and complete further training if this is requested or considered necessary.

The Trust believes that strong Governance is vitally important and provides an induction and regular ongoing training provision for Governors.

The Trust subscribes to the National Governance Association (NGA) which provides links to further online training for both Governors and Trustees.

New Trustees spend some specific time during induction with the CEO and the Chair of the Trust Board.

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Trustees' Report (continued)
For the Period Ended 31 August 2021

Structure, governance and management (continued)

f. Organisational structure

The board of trustees is responsible for ensuring that the vision, values and strategic direction of the trust are clearly defined and followed. The trustees are also responsible for monitoring the proper and effective use of the trust's resources and ensuring value for money principles are followed.

The Trust has established its Scheme of Delegation which ensures that the effective management of the organisation. The Scheme of Delegation provides clarity on how the organisation is structured and who is responsible for making decisions.

The Governance Structure has three different tiers:

1. Trust (Members)
2. Trust Board (Directors / Trustees)
3. Local Governing Bodies (Governors)

The Trustees meet at least five times a year and provide strategic input and oversight to the management decisions of the trust. The trustees are ultimately responsible for the decisions made by the trust. It is the Trustees' responsibility to ensure that via the Governance Structure and the executive team the Trust is making effective use of public resources and maintaining a high quality of provision.

The Trustees have established 3 subcommittees to ensure the effective discharge of their duties:

1. Finance, Audit and Risk Committee (FAR)
2. Quality of Learning Committee (QOL)
3. Safeguarding & Send Committee

Each academy's Local Governing Body (LGB) meets 5 times a year in line with meetings of the Trust Board. The LGB ensure that the Trust's vision, values and strategic direction are followed. They do this by providing support and challenge to the Academies' Principal and Senior Leadership Team, by seeking assurances on behalf of the Trust Board that the academies are performing as they should be.

The Trust's day to day operations are led and managed by the CEO / Accounting Officer who is the leader of the Executive Group.

Structure, governance and management (continued)



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Trustees' Report (continued)
For the Period Ended 31 August 2021

Structure, governance and management (continued)

g. Arrangements for setting pay and remuneration of key management personnel

Performance management of Trust staff is managed by the Trust Board in line with the principles highlighted in the scheme of delegation.

Performance management of Principals is managed by the Trust Board with remuneration being considered in line with School Teachers Pay and Conditions and the scope of individual leadership bands and successful achievement of performance targets.

The Trust believes it is vital to be transparent about salaries within the academies sector and how those salaries are set. Salaries are benchmarked against similar roles within the academies sector and the trust refers to a recognised pay scale. A degree of flexibility is afforded relating to salary to ensure the Trust can recruit and retain the best staff.

The pay policies of both St Peter's Collegiate Academy and what was formerly the Wade Federation of schools (St Thomas' and The King's), transferred to Three Spires Trust in May 2021 and April 2021 respectively as part of the TUPE process for existing staff members.

In October 2021 the Trust began the mechanism for a Trade Union Recognition Agreement and JCNC consultative mechanism as set out in the measures declared at the time of transfer. Following this process, it is the intention of the Trust to move to a single pay policy for all existing and new academy staff.

The Trust intends to continue to use Standard Teacher's Pay and Conditions as the basis of its pay policy for teaching staff; and for support staff the Trust intends to continue the use of the Green Book framework.

h. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the period	1
Full-time equivalent employee number	1

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time £

Total cost of facility time	-
Total pay bill	3,917,046
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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Trustees' Report (continued)
For the Period Ended 31 August 2021

Structure, governance and management (continued)

i. Related parties and other connected charities and organisations

The Three Spires Trust serves a diverse range of communities throughout the Diocese of Lichfield. A register of business interests is maintained at Trust Board and Local Governing Body level.

j. Engagement with employees (including disabled persons)

Employees have been consulted on issues of concern to them by means of regular consultative committee and staff meetings and have been kept informed on specific matters directly by management. The academy trust carries out exit interviews for all staff leaving the organisation and has adopted a procedure of upward feedback for senior management and the Trustees.

The academy trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal opportunities policy
- Volunteers' policy
- Health & safety policy

In accordance with the academy trust's equal opportunities policy, the academy trust has long-established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the academy trust's offices.

The Trust is actively looking at introducing and further developing arrangements to ensure that our engagement with employees:

- Provides employees with information on matters of concern to them
- Consults with employees regularly so that their views can be considered in decision making likely to affect their interests
- Encourages the involvement of employees in the Trusts performance
- Achieves a common awareness on the part of all employees of the factors affecting the performance of the Trust
- Develops its policy in respect of applications from disabled persons, treatment of employees who become disabled, and the training, career development and promotion of disabled people.

Objectives and activities

a. Objects and aims

The Three Spires Trust vision is:

Three Spires Trust plays a part in young people discovering life in all its fullness. These words first spoken by Jesus, encompass every aspect of being human - relating well to those around us, confident in who we are and enjoying the spiritual dimensions of life. Our Academies are communities where individual learning and challenge flourish, tailored to the abilities and ambitions of each young person. Our Academies enable students to make great progress and reach the highest educational standards.

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Trustees' Report (continued)
For the Period Ended 31 August 2021

Objectives and activities (continued)

Three Spires Trust is committed to:

- Respecting and developing the whole person, heart, mind and spirit
- Embracing learning
- Achieving vocational and academic success
- Belonging to a community
- Serving others
- Caring for the earth
- Discovering worship
- Experiencing the love of God

b. Objectives, strategies and activities

The Three Spires Trust exists to promote the education, health and wellbeing of children in all of its academies whilst enabling them to discover life in all its fullness. All of our academies have development plans that address how they will seek to raise levels of attainment and achievement, keep children safe and develop young people to improve their life chances. Over the next 3 years the Trust will seek to:

- Admit more academies if their vision and values match the Trusts, due diligence is positive and the Governors and leadership team are keen to join.
- Manage the rebuild of St Peters, Wolverhampton.
- Work in partnership with our academies to drive school improvement.
- Develop a growth strategy that will enable us to benefit a wider audience.
- Ensure Christian Distinctiveness is at the heart of all we deliver as a Trust.
- Develop a high quality and supportive relationship with existing and potential associate members.
- Consider bidding for free schools within the Diocese of Lichfield.
- Help and facilitate our existing academies to deliver their development plans.
- Actively seek to provide Trust networks to facilitate the sharing of best practice across the Trust.

c. Public benefit

In setting our objectives and planning our activities, the Trustees have carefully considered the Charity Commission's general guidance on public benefit.

Strategic report

Achievements and performance

As 2 of the Trust's 3 academies converted on 1 April 2021 and the remaining academy transferred on the 1 May 2021 there are no validated results for the academies in the period of academisation. The results of the academies for examinations sat in 2021 with mid-year conversion can be found on the DfE performance tables.

a. Key performance indicators

Our schools aim to ensure that our pupils experience "Life in All its Fullness". This means that in addition to providing excellent educational outcomes, and a rich and diverse curriculum, we also seek to grow all pupils regardless of their ability or background so that they develop strong values and become a valued part of society.

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Trustees' Report (continued)
For the Period Ended 31 August 2021

Strategic report (continued)

Achievements and performance (continued)

b. Going concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the accounting policies.

Financial review

The majority of the Trust's income is obtained from the Education and Skills Funding Agency (ESFA), this takes the form of recurrent grants the use of which is restricted to educational purposes.

Grants received from ESFA during the period ended 31 August 2021 and associated expenditure are shown as restricted funds in the statement of financial activities.

The Trust is a Church of England multi academy trust. The academy land and buildings are owned by the Diocese of Lichfield. The Diocese leases the land and buildings to the Trust by way of the Church Supplemental Agreement (CSA) which has a rolling 2-year term. This arrangement is typical for a Church of England MAT and means that most of the land & buildings utilised by the Trust and our academies do not show on the Trust balance sheet. At first glance this makes the trust's net asset position appear lower than expected. This arrangement and the government backed pensions deficit inherited when schools joined the Trust are key to understanding the Trust's balance sheet.

The Trust considers the following as key financial indicators:

- Robust financial monitoring in line with ESFA AFH regulations.
- Ensuring value for money through effective financial management procedures.
- The Trust and its academies comply with the Trust's financial regulations and policies.
- Monitoring and maintaining a positive cash balance to ensure all expenditure obligations can be met.
- Monthly review and reporting of income and expenditure.
- Production of annual 5 year forecasts for all academies and the Trust.
- Local Governing Body monitoring of Management Accounts.

COVID-19 has negatively impacted the financial position of the Trust. The main factors are the reduction of budgeted income streams and additional staffing.

The Trust held fund balances at 31 August 2021 of £5,760,305 excluding a pensions reserve of (£6,436,000). This comprised an amount of unrestricted funds of £483,158 and restricted funds of £5,277,517 (excluding the pension reserve). Total funds including the pension deficit were deficit £675,325. The pensions deficit is backed by the UK Government.

The Three Spires Trust has reviewed the major risks that can affect the Trust. In particular, these relate to Finance, Audit & Risk, Quality of Learning and Safeguarding & SEND which is why the Trust have set-up Trust sub committees in these areas to ensure increased scrutiny. Accordingly, the Trustees are confident that they have implemented systems, procedures and internal controls to monitor and manage these risks. Further information is included in the Risk Management section below. Where significant financial risks still remain adequate insurance cover is in place.

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Trustees' Report (continued)
For the Period Ended 31 August 2021

a. Reserves policy

As the period under review is only five months since the opening of the Trust's first academies and notwithstanding that school balance transfers were not received from the local authority until September 2021 the reserves policy is yet to be ratified by the Trust Board.

The reserves policy will take into account income and expenditure, capital expenditure commitments and the reserves required to cover any urgent requirements for expenditure and any potential shortfalls in income.

The level of reserves will be kept under review by the Trustees.

b. Investment policy

As the period under review is only five months since the opening of the Trust's first academies, and notwithstanding that school balance transfers were not received from the local authority until September 2021 there were no reserves available for investment consideration at the balance sheet date.

The Trust board is drafting an investment policy. This will ensure that cash flow and current account balances are monitored to ensure financial commitment can be met as and when due. Additionally, the Trust's bank account will be maintained at a level that enables it to meet any forthcoming commitments.

The Trust will ensure that its bank balance will not go overdrawn as this is not allowed by the Academies Handbook.

c. Principal risks and uncertainties

The Trustees have assessed the major risks and uncertainties that affect the Trust and consider the following to be the most significant challenges over the next 12 months:

- Catching up on education lost for pupils as a result of schools closures due to COVID-19.
- Unknown future developments relating to COVID-19.
- Changes in the Inspection framework.
- Recruitment and retention of key staff within the Trust.
- Recruitment of Principal at St Peters, Wolverhampton.
- Ensuring the successful integration of academies into the Trust.

There are also the more general risks to be managed such as fraud, reputational damage and failure to deliver on school improvement targets.

Risk Management

The Trustees are responsible for risk management and for maintaining a robust system of internal control that supports the achievement of policies, aims and objectives whilst safeguarding the public funds and assets for which it is responsible. The Trust Board is advised in this role by the Finance, Audit & Risk Committee and both are advised and informed by the Trust Leadership Team.

The Trust Board fulfils its risk management role by establishing the following system of internal controls:

- Approving and reviewing a series of policies that underpin the internal control process;
- Agreeing objectives, plans and resources by means of the whole Trust budget, the detailed Trust strategy and its underlying delivery plan;
- The policy statement and the risk register and the thorough review of them each year to identify risks, near misses and opportunities; and
- Considering carefully the advice from the Internal Auditor together with advice from any other external consultants and inspectors.

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Trustees' Report (continued)
For the Period Ended 31 August 2021

The Trust Leadership Team fulfils its risk management role by:

- Implementing the Trust's policies on risk management and internal control;
- Advising the Finance, Audit & Risk Committee and the Trust Board of the fundamental risks faced by the Trust and helping them to evaluate those risks;
- Providing timely and sufficient information to the Trust Board;
- Assisting the Finance, Audit & Risk Committee in drawing up the risk register; and
- Working to embed risk management and risk-based internal control in all aspects of Trust management.

In its ongoing consideration of the risk register the Trust Board consider the following issues:

- Whether risk management continues to be linked to the achievement of overall Trust objectives;
- The appropriate risk appetite or level of exposure for the Trust as a whole;
- Whether risk assessment and risk-based internal control are embedded in ongoing operations and form part of the Trust's culture;
- Changes in the nature and extent of fundamental risks and the Trust's ability to respond to those changes;
- The extent and frequency of reports on internal control to the Trust Board;
- The incidence of and fundamental control failings (risk events) or weaknesses identified at any point (near misses) and the impact that they could have; and
- The effectiveness of the overall approach and policy to risk management and whether changes or improvements to processes and procedures are necessary.

Risk management is supported further by the individual Academy level risk registers, which are maintained at Academy level and reviewed by their Local Governing Bodies. These are then reviewed on an annual basis by the CFO who will raise any concerns with the Finance, Audit & Risk Committee and ensure that significant risks affecting the Trust as a whole are included in the Trust Risk Register.

Fundraising

Any fundraising activities taking place within the Trust or its academies will comply with the requirements of the Charities Act 2016.

Fundraising is not part of the Trust's core business or main charitable objectives. The trust does not operate a high level of fundraising activities. Most fundraising within the academies will come through non-uniform, fancy dress or cake sale days. Parents are made aware of the beneficiaries of their donations in advance which may be to support a local or national charity of the pupil's choice, or alternatively, to financially support a specified school-event. Contributions are not compulsory.

No fundraising income is included within the Trust income shown within the Statement of Financial Activities.

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Trustees' Report (continued)
For the Period Ended 31 August 2021

Plans for future periods

The Trust will work in partnership with our member schools to improve their offer and consistently achieve excellent outcomes for our pupils.

Christian distinctiveness is at the core of our vision and values as a Trust. Ensuring that the Trust offers something distinctively Christian within its community of schools is a high priority.

The Kings, Wolverhampton is expected to join the Trust on 1 February 2022 and Hanley St Luke's has become our first associate member, taking advantage of the Governments "Try Before You Buy" Scheme.

In December 2021 the Trust will have its first ESFA Financial Management and Governance Review. It is hoped that successful completion of this review will lead to the Trust been given the green light for more schools to join the Trust. Many schools have expressed an interest in joining the Three Spires Trust and we are actively discussing this with them.

The Trust is devising a growth strategy that will enable the Trust to grow in a considered and sustainable manner. The Trustees are cognisant that we must not grow too quickly and that the capacity of the central team will need to grow to ensure the high quality of services that our members expect are provided. Schools will not solely join the Trust on a first come, first served basis. Schools that wish to join the Trust will need to have values that align with the Trust's and successfully complete our due diligence process.

Funds held as custodian on behalf of others

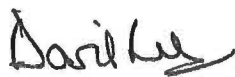
No funds are held as Custodian Trustee on behalf of others.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that 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 auditors are aware of that information.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 8 December 2021 and signed on its behalf by:



Dr D Lee
Chair of Trustees

Three Spires Trust
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Governance Statement

Scope of responsibility

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

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Three Spires 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 6 times during the period. The Trustees believe that this is more than adequate to provide the required level of scrutiny and oversight.

Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Dr D Lee, Chair of Trustees	6	6
Mr B Halstead	5	6
Mr J Lawson	5	6
Mrs J Pilmore	2	4
Mr P Dolman	5	6
Mr S Hudman	5	6
Mr S Farar	4	4
Mr M Maydew	4	6

Governance Reviews

Due to this being the first year of the Trust a review of Governance has yet to take place. The Trust plans to complete its first self-evaluation of Governance within the new financial year. The Trust Board is proactive and reflective and looks to appraise the skills of its trustees and governors regularly to ensure competence in line with the competency framework.

The Trustees are encouraged by the quality of the information they are receiving and are confident that this has enabled them to be effective. There have been many challenges to overcome involved with setting up a Trust, converting two maintained schools and welcoming a SAT into the Trust over a nine-month period. Many important lessons have been learnt and Trustees are pleased with progress.

Risk Management

The Trust board has established a Finance, Audit & Risk (FAR) Committee to help manage risk. The committee brings together representatives from each of the Academies within the Trust and Trustees of the Board. The purpose is to provide a holistic Trust-wide review of the financial activities of the Trust and ensure that the risk register is monitored appropriately.

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Governance Statement (continued)

Governance (continued)

The FAR committee met twice during the period and attendance was as follows:

Trustee	Meetings attended	Out of a possible
Dr D Lee, Chair of Trustees	2	2
Mr B Halstead	2	2
Mr J Lawson	2	2
Mr P Dolman	2	2
Mr S Hudman	2	2

In a similar fashion the Trust Board has established a Quality of Learning and Safeguarding and SEND committees to provide further internal scrutiny within these areas. Neither of these committees met during the period.

Review of value for money

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

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

- Recruiting experts from the academic sector to provide in house knowledge and expertise.
- Sharing of best practice across the Trust as an alternative to buying in external experts.
- Setting up Executive Leadership Group to enable Principals to share knowledge and experience.
- Creating a Business Manager forum to discuss financial issues and share best practice.
- Devising three Trust sub committees to focus in on the key data:
 - o Finance, Risk and Audit
 - o Quality of Learning
 - o Safeguarding & SEND
- Ensuring effective tendering for new centrally managed services and contracts:
 - o Payroll
 - o Employee Assistance Program
 - o Legal Services
 - o Internal Audit
 - o External Audit
 - o Financial Management System
- Careful and diligent financial management to ensure funds are available to:
 - o Maintain a prudent contingency level
 - o Invest in capital projects
 - o Cope with the lagged funding model and the operational issues it creates in a growing school
- Service all financial management conditions placed upon the Trust by the ESFA upon inception.
- Negotiate effectively with authorities regarding the licenced deficit inherited by the Trust upon academisation of The King's Church of England Academy, Kidsgrove.

Governance Statement (continued)

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Three Spires Trust for the period 22 January 2021 to 31 August 2021 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 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 ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 22 January 2021 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- Regular reviews by the Finance, Audit and Risk Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Identification and management of risks.

The Board of Trustees has decided to buy-in an internal audit service from Haines Watts.

The Trustees chose this option as they are of the view that these third party checks, coupled with our own internal policies and procedures, are essential to provide a quality, balanced, effective internal scrutiny programme throughout the Trust.

The reviewer's role includes giving advice on financial and other matters and performing a range of checks on the academy trust's financial systems. In particular, the checks carried out in the current period included an audit of Payroll & Expenses.

On a termly basis, the reviewer reports to the Board of Trustees through the finance, audit and risk committee on the operation of the systems of control and on the discharge of the Board of Trustees financial responsibilities and annually prepares a short annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

The internal audit of payroll and expenses confirmed that in the opinion of Haines Watts the controls upon which the organisation relies to manage risks material to the achievement of its objectives are suitably designed and applied. No material control issues were reported.

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Governance Statement (continued)

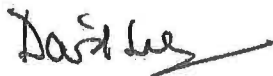
Review of effectiveness

As accounting officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the internal auditors;
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 8 December 2021 and signed on their behalf by:



Dr D Lee
Chair of Trustees



Mrs E Verow
Accounting Officer

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(A Company Limited by Guarantee)

Statement on Regularity, Propriety and Compliance

As accounting officer of Three Spires 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 2020.

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

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



Mrs E Verow
Accounting Officer
Date: 8 December 2021

Three Spires Trust
(A Company Limited by Guarantee)

Statement of Trustees' responsibilities
For the Period Ended 31 August 2021

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the 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 period. 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:

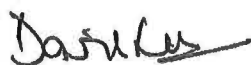
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting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

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

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

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

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



Dr D Lee
Chair of Trustees
Date: 8 December 2021

Three Spires Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Three Spires Trust

Opinion

We have audited the financial statements of Three Spires Trust (the 'academy trust') for the period ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the academy trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Three Spires Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Three Spires Trust
(continued)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. 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. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report including the Strategic Report for the financial period for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report including the Strategic Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 Trustees' Responsibilities Statement, the Trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Three Spires Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Three Spires Trust
(continued)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

- the senior statutory auditor ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the academy trust through discussions with directors and other management, and from our commercial knowledge and experience of the academy sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the academy trust, including the financial reporting legislation, Companies Act 2006, taxation legislation, anti-bribery, employment, and environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;

Three Spires Trust
(A Company Limited by Guarantee)

Independent Auditors' Report on the financial statements to the Members of Three Spires Trust
(continued)

- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with HMRC, relevant regulators and the academy trust's legal advisors.

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

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

Use of our report

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



Simon Hawkins (Senior Statutory Auditor)
for and on behalf of
Dains LLP

Statutory Auditor
Chartered Accountant

Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Stoke on Trent
ST1 5RQ

8 December 2021

Three Spires Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Three Spires Trust and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 22 July 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Three Spires Trust during the period 22 January 2021 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Three Spires Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Three Spires Trust's funding agreement with the Secretary of State for Education dated 26 March 2021 and the Academies Financial Handbook, extant from 1 September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 22 January 2021 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

Three Spires Trust
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Three Spires Trust and the Education & Skills Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the period 22 January 2021 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Dains LLP

Suite 2, Albion House
2 Etruria Office Village
Forge Lane
Stoke on Trent
ST1 5RQ

Date: 8 December 2021

Three Spires Trust
(A Company Limited by Guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the Period Ended 31 August 2021

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Income from:					
Donations and capital grants:	3				
Transfer from existing Academy Trust		366,441	(3,975,140)	4,674,028	1,065,329
Other donations and capital grants		333	-	249,357	249,690
Charitable activities	4	-	4,963,193	-	4,963,193
Other trading activities	5	92,827	-	-	92,827
Total income		459,601	988,053	4,923,385	6,371,039
Expenditure on:					
Raising funds	6	102,537	-	-	102,537
Charitable activities	6	-	4,700,134	72,952	4,773,086
Transfer from local authority on conversion	25	(178,161)	1,801,224	(116,322)	1,506,741
Total expenditure		(75,624)	6,501,358	(43,370)	6,382,364
Net income/(expenditure)		535,225	(5,513,305)	4,966,755	(11,325)
Transfers between funds	18	(52,067)	-	52,067	-
Net movement in funds before other recognised gains/(losses)		483,158	(5,513,305)	5,018,822	(11,325)
Other recognised gains/(losses):					
Actuarial losses on defined benefit pension schemes	26	-	(664,000)	-	(664,000)
Net movement in funds		483,158	(6,177,305)	5,018,822	(675,325)
Reconciliation of funds:					
Net movement in funds		483,158	(6,177,305)	5,018,822	(675,325)
Total funds carried forward		483,158	(6,177,305)	5,018,822	(675,325)

The Statement of Financial Activities includes all gains and losses recognised in the period.

The notes on pages 29 to 62 form part of these financial statements.

Three Spires Trust
(A Company Limited by Guarantee)

Balance Sheet
As at 31 August 2021

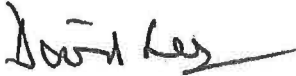
	Note	2021 £
Fixed assets		
Tangible assets	13	5,018,822
		<u>5,018,822</u>
Current assets		
Debtors	14	413,029
Investments	15	11,043
Cash at bank and in hand		1,334,100
		<u>1,758,172</u>
Creditors: amounts falling due within one year	16	<u>(689,281)</u>
Net current assets		<u>1,068,891</u>
Total assets less current liabilities		<u>6,087,713</u>
Creditors: amounts falling due after more than one year	17	<u>(327,038)</u>
Net assets excluding pension liability		<u>5,760,675</u>
Defined benefit pension scheme liability	26	<u>(6,436,000)</u>
Total net assets		<u><u>(675,325)</u></u>
Funds of the academy trust		
Restricted funds:		
Fixed asset funds	18	5,018,822
Restricted income funds	18	258,695
		<u>5,277,517</u>
Restricted funds excluding pension asset	18	5,277,517
Pension reserve	18	<u>(6,436,000)</u>
Total restricted funds	18	<u>(1,158,483)</u>
Unrestricted income funds	18	483,158
Total funds		<u><u>(675,325)</u></u>

Registered number: 13153266

Three Spires Trust
(A Company Limited by Guarantee)

Balance Sheet (continued)
As at 31 August 2021

The financial statements on pages 25 to 62 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



Dr D Lee
Chair of Trustees
Date: 8 December 2021

The notes on pages 29 to 62 form part of these financial statements.

Three Spires Trust
(A Company Limited by Guarantee)

Statement of Cash Flows
For the Period Ended 31 August 2021

	Note	2021 £
Cash flows from operating activities		
Net cash provided by operating activities	20	1,412,899
Cash flows from investing activities	21	(78,799)
Change in cash and cash equivalents in the period		1,334,100
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	22, 23	<u><u>1,334,100</u></u>

The notes on pages 29 to 62 form part of these financial statements

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

Three Spires Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

The Trustees have taken into consideration that the Trust has net liabilities of £675,325, after the requirement to recognise the LGPS pension liability under the terms of the Academies Accounts Direction. The Trustees are aware that the Trust will continue to make future pension contributions but consider this does not impact upon the Trust's ability to pay its debts as they fall due.

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

Three Spires Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2021

1. Accounting policies (continued)

1.3 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 period for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

• **Donations**

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

• **Other income**

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

• **Transfer of existing academies into the academy trust**

Where assets and liabilities are received on the transfer of an existing academy into the academy trust, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised for the transfer of an existing academy into the academy trust within 'Income from Donations and Capital Grants' to the net assets acquired.

• **Donated fixed assets (excluding transfers on conversion or into the academy trust)**

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

1. Accounting policies (continued)

1.4 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.

• **Transfer on conversion**

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of expenditure is recognised as a transfer on conversion within 'Charitable Activities' to the net liabilities received, except where net assets are received and are recognised as income under 'Income from Donations and Capital Grants'.

All resources expended are inclusive of irrecoverable VAT.

1.5 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.

Three Spires Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2021

1. Accounting policies (continued)

1.6 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.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following basis:

Leasehold land	- 0.8% straight line
Leasehold building improvements	- 2 - 10% straight line
Furniture and equipment	- 10% straight line
Computer equipment	- 33% straight line

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

1.7 Debtors

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

1.8 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.9 Liabilities

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1. Accounting policies (continued)

1.10 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 bases 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.

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

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

1.11 Operating leases

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

1.12 Pensions

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/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.

Three Spires Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2021

1. Accounting policies (continued)

1.13 Conversion to an academy trust

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from St Thomas CofE (A) Primary School and The King's CofE (VA) School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in Expenditure on Charitable Activities in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Local Government Pension Scheme (LGPS) deficit

The obligation relating to the employees in the LGPS scheme that were transferred as part of the conversion from the maintained schools were transferred to Three Spires Trust on 1 April 2021. The deficit on the Local Government Pension Scheme has been debited as a donation in the Restricted General Funds column of the Statement of Financial Activities and included within the LGPS liability on the balance sheet.

Cash

Cash balances at 1 April 2021 in respect of the maintained schools and school funds were transferred to Three Spires Trust. These cash balances have been credited as a donation in the Statement of Financial Activities under the Unrestricted Fund column and included within the cash and bank balances on the balance sheet.

Further details of the transaction are set out in note 25.

1. Accounting policies (continued)

1.14 Transfer to the academy trust

The transfer of an existing academy in to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on transfer from S. Peter's Collegiate Church of England Academy Trust to the academy trust have been valued at their transfer value. The transfer value has been derived based on the value included in the previous academy trust. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Leasehold land and buildings

On the transfer date of 1 May 2021, land and building have been transferred from S. Peter's Collegiate Church of England Academy Trust on a 125 year lease with Wolverhampton City Council. The value is based upon the net book value held in S. Peter's Collegiate Church of England Academy Trust at 30 April 2021. The school site has been credited as a donation in the Restricted Fixed Asset Fund column of the Statement of Financial Activities and included within tangible fixed assets on the balance sheet.

Local Government Pension Scheme (LGPS) deficit

The obligation relates to the employees in the LGPS scheme that were transferred as part of the transfer to Three Spires Trust on 1 May 2021. The deficit on the Local Government Pension Scheme has been debited as a donation in the Restricted General Funds column of the Statement of Financial Activities and included within the LGPS liability on the balance sheet.

Cash

Cash balances at 1 May 2021 in respect of the existing academy were transferred to Three Spires Trust. These cash balances have been credited as a donation in the Statement of Financial Activities under the Unrestricted Fund column and included within the cash and bank balances on the balance sheet.

Further details of the transaction are set out in note 24.

1.15 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 Department for Education Group.

Three Spires Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2021

2. Critical accounting estimates and areas of judgment

Estimates and judgments 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

Leasehold land and buildings:

Under 125 year lease:

The long term leasehold land and buildings within the accounts relates to the academy premises which were transferred to the academy on transfer from an existing academy trust on a 125 year lease from Wolverhampton City Council. The leasehold land and buildings were valued using ESFA valuation. These are being depreciated in accordance with the depreciation policies set out in note 1. No annual charge is made for the use of the land and buildings under the terms of the lease, based on management not being able to reliably measure the open market rate.

2 year licence:

The academy trust company occupies:

- (a) land provided to it by the Local Authority under a 125-year lease (as detailed above);
- (b) land provided to it by site trustees under a mere licence (also referred to as a Church Supplemental Agreement) which contains a two year notice period.

In respect of;

- (a) a figure is entered that reflects advice taken on the value of the lease;
- (b) Having considered the fact that the academy trust company occupies the land and such buildings as may be or may come to be erected on it by a mere licence that transfers to the academy no rights or control over the site save that of occupying it at the will of the site trustees under the terms of the relevant site trust, the directors have concluded that the value of the land and buildings occupied by the academy trust company will not be recognised on the balance sheet of the company.

Three Spires Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2021

3. Income from donations and capital grants

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Donations				
Transferred from existing academy	366,441	(3,975,140)	4,674,028	1,065,329
Donations	333	-	-	333
Capital Grants	-	-	249,357	249,357
	<u>366,774</u>	<u>(3,975,140)</u>	<u>4,923,385</u>	<u>1,315,019</u>

Three Spires Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2021

4. Funding for Academy's educational operations

	Restricted funds 2021 £	Total funds 2021 £
DfE/ESFA grants		
General Annual Grant	4,156,911	4,156,911
Other DfE/ESFA grants		
Start Up Grants	148,497	148,497
Teachers Pay Grant	87,667	87,667
Teachers Pension Grant	31,026	31,026
Pupil Premium	203,468	203,468
Other DfE Group grants	29,476	29,476
	<u>4,657,045</u>	<u>4,657,045</u>
Other Government grants		
SEN Funding	78,661	78,661
Other Government Grants	40,604	40,604
	<u>119,265</u>	<u>119,265</u>
Other income from the academy trust's educational operations	52,103	52,103
COVID-19 additional funding (DfE/ESFA)		
Catch-up Premium	62,130	62,130
	<u>62,130</u>	<u>62,130</u>
COVID-19 additional funding (non-DfE/ESFA)		
Mass testing income	72,650	72,650
	<u>72,650</u>	<u>72,650</u>
	<u><u>4,963,193</u></u>	<u><u>4,963,193</u></u>

The Academy has been eligible to claim from the government support schemes in response to the Covid-19 outbreak.

The Trust received £62,130 of funding for catch-up premium and costs incurred in respect of this funding totalled £62,130.

The Trust received £72,650 of mass testing income and costs incurred in respect of this funding totalled £72,650 in the period.

Three Spires Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2021

5. Income from other trading activities

	Unrestricted funds 2021 £	Total funds 2021 £
School clubs income	8,063	8,063
Hire of facilities	12,723	12,723
Other income	72,041	72,041
	<u>92,827</u>	<u>92,827</u>

6. Expenditure

	Staff Costs 2021 £	Premises 2021 £	Other 2021 £	Total 2021 £
Expenditure on fundraising trading activities:				
Direct costs	72,889	-	29,648	102,537
Charitable activities:				
Direct costs	3,156,325	-	308,241	3,464,566
Allocated support costs	697,249	141,808	469,462	1,308,519
Transfer from local authority on conversion	-	-	1,506,741	1,506,741
	<u>3,926,463</u>	<u>141,808</u>	<u>2,314,092</u>	<u>6,382,363</u>

Three Spires Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2021

7. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £
Educational operations	3,464,566	1,308,519	4,773,085

Analysis of direct costs

	Activities 2021 £	Total funds 2021 £
Staff costs	3,156,325	3,156,325
Depreciation	72,952	72,952
Educational supplies	87,690	87,690
Examination fees	32,691	32,691
Staff development and other staff costs	4,168	4,168
Consultancy	98,834	98,834
Travel, subsistence and expenses	670	670
Recruitment and other staff expenses	11,236	11,236
	3,464,566	3,464,566

Three Spires Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2021

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Activities 2021 £	Total funds 2021 £
Pension finance costs	39,000	39,000
Staff costs	697,249	697,249
Catering	56,035	56,035
Technology costs	137,008	137,008
Other support costs	91,036	91,036
Maintenance of premises and special facilities	23,621	23,621
Cleaning and caretaking	9,289	9,289
Operating lease rentals	6,740	6,740
Rates	8,462	8,462
Security	1,234	1,234
Energy	74,363	74,363
Legal and professional services	111,171	111,171
Transport	5,514	5,514
Other premises costs	47,797	47,797
	<u>1,308,519</u>	<u>1,308,519</u>

8. Net income/(expenditure)

Net income/(expenditure) for the period includes:

	2021 £
Operating lease rentals	6,844
Depreciation of tangible fixed assets	72,952
Fees paid to auditors for:	
- audit	16,500
- other services	1,600
	<u>97,896</u>

Three Spires Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2021

9. Staff

a. Staff costs

Staff costs during the period were as follows:

	2021 £
Wages and salaries	2,812,918
Social security costs	270,800
Pension costs	798,005
	<hr/>
	3,881,723
Agency staff costs	35,323
Apprenticeship levy	9,417
	<hr/>
	<u>3,926,463</u>

b. Staff numbers

The average number of persons employed by the academy trust during the period was as follows:

	2021 No.
Teachers	124
Administration and support	138
Management	13
	<hr/>
	<u>275</u>

Three Spires Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2021

9. Staff (continued)

c. Higher paid staff

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

	2021 No.
In the band £60,001 - £70,000	6
In the band £70,001 - £80,000	1
In the band £80,001 - £90,000	1
In the band £90,001 - £100,000	1

d. 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 employer national insurance contributions) received by key management personnel for their services to the academy trust was £184,473.

Three Spires Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2021

10. Central services

The academy trust has provided the following central services to its academies during the period:

- Executive leadership support
- External educational support
- Payroll
- Financial services and support
- Audit
- Human Resources
- Governance support
- Legal services
- Estates and Health & Safety support
- Employee wellbeing
- Professional subscriptions
- Grant opportunities

The academy trust charges for these services on the following basis:

The trust charges for these services based on 4% of Age Weighted Pupil Unit (AWPU)

The actual amounts charged during the period were as follows:

	2021 £
St Peter's Collegiate Academy	72,848
The King's Church of England Academy	49,215
St Thomas' CE Primary Academy	10,840
Total	132,903

11. Trustees' remuneration and expenses

During the period, no Trustees received any remuneration or other benefits.

During the period ended 31 August 2021, no Trustee expenses have been incurred.

12. 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 membership.

Three Spires Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2021

13. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Other fixed assets £	Total £
Cost or valuation					
At 22 January 2021	-	-	-	-	-
Additions	326,036	-	2,120	-	328,156
Transfer from existing academy trust	4,566,018	66,623	14,655	-	4,647,296
Transfer on conversion	-	-	-	116,322	116,322
At 31 August 2021	<u>4,892,054</u>	<u>66,623</u>	<u>16,775</u>	<u>116,322</u>	<u>5,091,774</u>
Depreciation					
Charge for the period	63,660	4,116	3,480	1,696	72,952
At 31 August 2021	<u>63,660</u>	<u>4,116</u>	<u>3,480</u>	<u>1,696</u>	<u>72,952</u>
Net book value					
At 31 August 2021	<u><u>4,828,394</u></u>	<u><u>62,507</u></u>	<u><u>13,295</u></u>	<u><u>114,626</u></u>	<u><u>5,018,822</u></u>

14. Debtors

	2021 £
Due within one year	
Trade debtors	19,028
Other debtors	153,605
Prepayments and accrued income	240,396
	<u>413,029</u>

15. Current asset investments

	2021 £
Income shares investment	<u>11,043</u>

Three Spires Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2021

16. Creditors: Amounts falling due within one year

	2021 £
Other loans	18,186
Trade creditors	3,666
Other taxation and social security	176,844
Other creditors	194,971
Accruals and deferred income	295,614
	<u>689,281</u>
	2021 £
Resources deferred during the period	<u>59,319</u>

Included in deferred income are grants received in advance of entitlement for the future academic period.

Other loans includes two loan balances transferred on conversion from the local authority in relation to The King's Church of England Academy, Kidsgrove. These loans are subject to an interest charge of 0.5% above BOE base rate.

17. Creditors: Amounts falling due after more than one year

	2021 £
Other loans	<u>327,038</u>

Other loans include the deficit balance transferred on conversion from the local authority in relation to The King's Church of England Academy, Kidsgrove. No interest is charged on this balance.

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Notes to the Financial Statements
For the Period Ended 31 August 2021

18. Statement of funds

	Income	Expenditure	Transfers in/out	Gains/ (Losses)	Balance at 31 August 2021
Unrestricted funds					
General Funds	459,601	75,624	(52,067)	-	483,158
Restricted general funds					
General Annual Grant	4,156,911	(3,662,778)	(235,438)	-	258,695
Start Up Grant	148,497	(148,497)	-	-	-
Teachers Pension Grant	31,026	(31,026)	-	-	-
Teachers Pay Grant	87,667	(87,667)	-	-	-
Pupil Premium	203,468	(203,468)	-	-	-
Other DfE Group Grants	29,476	(29,476)	-	-	-
SEN Fundings	78,661	(78,661)	-	-	-
Other Government Grants	40,604	(40,604)	-	-	-
Covid Catch-up Premium	62,130	(62,130)	-	-	-
Covid Mass Testing Income	72,650	(72,650)	-	-	-
LA Deficit On Conversion	-	(327,038)	327,038	-	-
LA Loan On Conversion	-	(18,186)	18,186	-	-
Other income	52,103	(66,177)	14,074	-	-
Transfer In From Existing Academy Trust	123,860	-	(123,860)	-	-
Pension reserve	(4,099,000)	(1,673,000)	-	(664,000)	(6,436,000)
	<u>988,053</u>	<u>(6,501,358)</u>	<u>-</u>	<u>(664,000)</u>	<u>(6,177,305)</u>
Restricted fixed asset funds					
Transfer On Conversion	-	116,322	-	-	116,322
Transfer from Existing Academy Trust	4,674,028	(72,952)	-	-	4,601,076
DfE Group Capital Grants	21,722	-	-	-	21,722
LA Capital Grants	227,635	-	-	-	227,635
Capital Expenditure from unrestricted	-	-	52,067	-	52,067
	<u>4,923,385</u>	<u>43,370</u>	<u>52,067</u>	<u>-</u>	<u>5,018,822</u>
Total Restricted funds	<u>5,911,438</u>	<u>(6,457,988)</u>	<u>52,067</u>	<u>(664,000)</u>	<u>(1,158,483)</u>

Three Spires Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2021

18. Statement of funds (continued)

Total funds	6,371,039	(6,382,364)	-	(664,000)	(675,325)
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The specific purposes for which the funds are to be applied are as follows:

Unrestricted General Funds

This fund represents those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted General Funds

This fund represents grants received for the academy trust's operational activities and development.

Pension reserve

This fund represents the academy trust's share of the pension liability arising on the LGPS pension fund.

Restricted Fixed Asset Fund

This fund relates to grant funding received by the ESFA to carry out works of a capital nature and also the donation of leasehold land, buildings and playing fields from the local authority on a 125 year lease and a small amount of capital expenditure from GAG and other sources of income.

Three Spires Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2021

18. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	2021 £
St Thomas' CE Primary Academy	136,709
St Peter's Collegiate Academy	649,863
The King's Church of England Academy, Kidsgrove	(66,526)
Central Services	21,807
	<hr/>
Total before fixed asset funds and pension reserve	741,853
Restricted fixed asset fund	5,018,822
Pension reserve	(6,436,000)
	<hr/>
Total	(675,325)
	<hr/> <hr/>

The following academy is carrying a net deficit on its portion of the funds as follows:

	Deficit £
The King's Church of England Academy, Kidsgrove	(66,526)
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Following academisation the Three Spires Trust inherited a Licenced Deficit relating to The King's Church of England Academy, Kidsgrove of £327k in respect of losses incurred whilst The King's was a local authority school.

The Trust has reached agreement with the Education and Skills Funding Agency (ESFA) that the deficit will be repaid in 36 equal monthly instalments beginning in January 2024 and ending in December 2026.

The Trust recognises that as a successful school with a growing pupil roll The King's is disadvantaged by the Governments lagged funding model, which ensures that making an in year surplus is a perennial challenge.

Three Spires Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2021

18. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2021 £
St Thomas' CE Primary Academy	259,425	118,192	15,310	71,300	464,227
St Peter's Collegiate Academy	1,616,483	276,969	92,978	253,528	2,239,958
The King's Church of England Academy, Kidsgrove	1,051,014	269,106	64,368	219,719	1,604,207
Central Services	51,403	32,982	3,759	189,135	277,279
Academy trust	2,978,325	697,249	176,415	733,682	4,585,671

The above table excludes the balance transferred on conversion of £1,506,741 recognised as charitable expenditure in the SOFA.

19. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	5,018,822	5,018,822
Current assets	483,158	1,275,014	-	1,758,172
Creditors due within one year	-	(689,281)	-	(689,281)
Creditors due in more than one year	-	(327,038)	-	(327,038)
Provisions for liabilities and charges	-	(6,436,000)	-	(6,436,000)
Total	483,158	(6,177,305)	5,018,822	(675,325)

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Notes to the Financial Statements
For the Period Ended 31 August 2021

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

	2021 £
Net (expenditure)/income for the period (as per Statement of Financial Activities)	(11,325)
Adjustments for:	
Depreciation	72,952
Capital grants from DfE and other capital income	(249,357)
Defined benefit pension scheme obligation inherited	5,555,000
Defined benefit pension scheme cost less contributions payable	178,000
Defined benefit pension scheme finance cost	39,000
(Increase)/decrease in debtors	(413,029)
Increase in creditors	671,095
Land and Buildings inherited	(4,763,618)
Loans transferred on conversion	345,224
Current investment transferred from existing academy	(11,043)
Net cash provided by operating activities	1,412,899

21. Cash flows from Investing activities

	2021 £
Purchase of tangible fixed assets	(328,156)
Capital grants from DfE Group	249,357
Net cash (used in)/provided by investing activities	(78,799)

22. Analysis of cash and cash equivalents

	2021 £
Cash in hand and at bank	1,334,100
Total cash and cash equivalents	1,334,100

Three Spires Trust
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Notes to the Financial Statements
For the Period Ended 31 August 2021

23. Analysis of changes in net debt

	Cash flows	Loans acquired on conversion	At 31 August 2021
	£	£	£
Cash at bank and in hand	1,334,100	-	1,334,100
Debt due within 1 year	-	(18,186)	(18,186)
Debt due after 1 year	-	(327,038)	(327,038)
Liquid investments	11,043	-	11,043
	1,345,143	(345,224)	999,919

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Notes to the Financial Statements
For the Period Ended 31 August 2021

24. Transfer of existing academies into the academy trust

On 1 May 2021, all of the operations, assets and liabilities of St Peter's Collegiate Academy, the sole school of S. Peter's Collegiate Church of England Academy Trust, transferred to Three Spires Trust for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred at the reporting value of the transferring academy and recognised in the Balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of financial activities as Income from Donations and Capital Grants – transfer from an academy.

St Peter's Collegiate Academy

	Value reported by transferring trust £	Transfer in recognised £
Tangible fixed assets		
Long-term leasehold property	4,566,018	4,566,018
Furniture and equipment	66,623	66,623
Computer equipment	14,655	14,655
Current assets		
Current asset investments	11,043	11,043
Debtors due within one year	159,131	159,131
Cash at bank and in hand	719,247	719,247
Liabilities		
Creditors due within one year	(372,388)	(372,388)
Pensions		
Pensions - pension scheme assets	3,312,000	3,312,000
Pensions - pension scheme liabilities	(7,411,000)	(7,411,000)
Net assets	<u>1,065,329</u>	<u>1,065,329</u>

The above net assets included £719,247 that were transferred as cash.

Included in leasehold land and building are the school buildings and playing fields which were transferred on a 125 year lease from Wolverhampton City Council.

Three Spires Trust
(A Company Limited by Guarantee)

Notes to the Financial Statements
For the Period Ended 31 August 2021

25. Conversion to an academy trust

On 1 April 2021 St Thomas CofE (A) Primary School and The King's CofE (VA) School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Three Spires Trust from Staffordshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net loss in the Statement of Financial Activities as Expenditure on Charitable activities - transfer from local authority on conversion.

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Other tangible fixed assets	-	-	116,322	116,322
Current assets				
Cash - representing budget surplus/(deficit) on LA funds	125,129	(327,038)	-	(201,909)
Cash - representing budget surplus on other school funds	53,032	-	-	53,032
Current liabilities				
Loan on LA funds	-	(18,186)	-	(18,186)
Non-current liabilities				
LGPS pension (deficit)	-	(1,456,000)	-	(1,456,000)
Net assets/(liabilities)	<u>178,161</u>	<u>(1,801,224)</u>	<u>116,322</u>	<u>(1,506,741)</u>

The above net assets include £178,161 that were transferred as cash.

The other tangible fixed assets were transferred to Three Spires Trust from Staffordshire County Council for £nil consideration. The basis for this valuation is detailed in the accounting policies note 1.

A deficit fund and loans totalling £345,224 have been transferred from Staffordshire County Council.

The LGPS pension deficit represents the deficit at 1 April 2021 in respect of employees of maintained schools and have transferred to the multi academy trust. The basis for this valuation is detailed in note 1 and note 27.

The LGPS pension deficit is not included in the table below as the amount transferred on conversion is shown above for the Trust as a whole.

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Notes to the Financial Statements
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25. Conversion to an academy trust (continued)

St Thomas' CE Primary Academy

On 1 April 2021 St Thomas CofE (A) Primary School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Three Spires Trust from Staffordshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net loss in the Statement of Financial Activities as Expenditure on Charitable activities - transfer from local authority on conversion.

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

	Unrestricted funds £	Total funds £
Current assets		
Cash - representing budget surplus on LA funds	125,129	125,129
Cash - representing budget surplus on other school funds	1,967	1,967
	<hr/>	<hr/>
Net assets	127,096	127,096
	<hr/> <hr/>	<hr/> <hr/>

The above net assets included £127,096 that were transferred as cash.

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Notes to the Financial Statements
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25. Conversion to an academy trust (continued)

The King's Church of England Academy, Kidsgrove

On 1 April 2021 The King's CofE (VA) School converted to academy trust status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Three Spires Trust from Staffordshire County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised as a net loss in the Statement of Financial Activities as Expenditure on Charitable activities - transfer from local authority on conversion.

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

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets				
Other tangible fixed assets	-	-	116,322	116,322
Current assets				
Cash - representing budget surplus/(deficit) on LA funds	-	(327,038)	-	(327,038)
Cash - representing budget surplus on other school funds	51,065	-	-	51,065
Current liabilities				
Loan on LA funds	-	(18,186)	-	(18,186)
Net assets/(liabilities)	<u>51,065</u>	<u>(345,224)</u>	<u>116,322</u>	<u>(177,837)</u>

The above net assets included £51,065 that were transferred as cash.

A deficit fund and loans totalling £345,224 have been transferred from Staffordshire County Council.

26. Pension commitments

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

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

Contributions amounting to £194,000 were payable to the schemes at 31 August 2021 and are included within creditors.

26. Pension commitments (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time 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 used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to TPS in the period amounted to £447,000.

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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.

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Notes to the Financial Statements
For the Period Ended 31 August 2021

26. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2021 was £231,000, of which employer's contributions totalled £194,000 and employees' contributions totalled £37,000. The agreed contribution rates for future years are 23.6 per cent for employers and 5.5 to 12.5 per cent for employees.

As described in note 2 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

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

Principal actuarial assumptions

Staffordshire County Council

	2021 %
Rate of increase in salaries	3.30
Rate of increase for pensions in payment/inflation	2.90
Discount rate for scheme liabilities	1.65
Inflation assumption (CPI)	2.90
Commutation of pensions to lump sums - pre April 2008	50
Commutation of pensions to lump sums - post April 2008	75

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

	2021 Years
Retiring today	
Males	21.4
Females	24
Retiring in 20 years	
Males	22.5
Females	25.7

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26. Pension commitments (continued)

West Midlands Pension Fund	2021
	%
Rate of increase in salaries	3.90
Rate of increase for pensions in payment/inflation	2.90
Discount rate for scheme liabilities	1.65
Inflation assumption (CPI)	2.90

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

	2021
	Years
Retiring today	
Males	21.6
Females	24.0
Retiring in 20 years	
Males	23.4
Females	25.8

Sensitivity analysis

Staffordshire County Council	2021
	£000
Discount rate +0.1%	(129)
Discount rate -0.1%	129
Mortality assumption - 1 year increase	160
Mortality assumption - 1 year decrease	(160)
CPI rate +0.1%	108
CPI rate -0.1%	(108)
Salary rate +0.1%	19
Salary rate -0.1%	(19)

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26. Pension commitments (continued)

West Midlands Pension Fund	2021 £000
Discount rate +0.1%	(179)
Discount rate -0.1%	183
Mortality assumption - 1 year increase	356
Mortality assumption - 1 year decrease	(340)
CPI rate +0.1%	162
CPI rate -0.1%	(159)
Salary rate +0.1%	19
Salary rate -0.1%	(18)

Share of scheme assets

The academy trust's share of the assets in the scheme was:

	2021 £
Equities	3,595,000
Gilts	294,000
Corporate bonds	580,000
Property	411,000
Cash and other liquid assets	191,000
Other	498,000
Total market value of assets	5,569,000

The actual return on scheme assets was £346,000.

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

	2021 £
Current service cost	372,000
Interest income	76,000
Interest cost	(37,000)
Total amount recognised in the Statement of Financial Activities	411,000

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Notes to the Financial Statements
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26. Pension commitments (continued)

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

	2021 £
Transferred in on existing academies joining the trust	7,411,000
Transferred in on converter academies joining the trust	3,147,000
Current service cost	372,000
Interest cost	76,000
Employee contributions	42,000
Actuarial losses/(gains)	988,000
Benefits paid	(31,000)
At 31 August	12,005,000

Changes in the fair value of the academy trust's share of scheme assets were as follows:

	2021 £
Transferred in on existing academies joining the trust	3,312,000
Transferred in on converter academies joining the trust	1,691,000
Interest income	37,000
Actuarial gains	324,000
Employer contributions	194,000
Employee contributions	42,000
Benefits paid	(31,000)
At 31 August	5,569,000

27. Operating lease commitments

At 31 August 2021 the academy trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £
Not later than 1 year	49,436
Later than 1 year and not later than 5 years	68,922
	118,358

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28. Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

29. Related party transactions

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

Lichfield Diocesan Board of Education is a member (represented by C Shaw) of Three Spires Trust: The Academy Trust purchased educational services from the Lichfield Diocesan Board of Education totalling £10,000 during the period. Amounts outstanding at the year end were £nil. The Academy Trust made the purchase at arms' length in accordance with its financial regulations. The service was not competitively tendered due to the specialist nature of the service provided. In entering into the transaction the Academy Trust has complied with the requirements of the Academies Financial Handbook.