

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED

(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2021

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

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INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
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REFERENCE AND ADMINISTRATIVE DETAILS

Members

D Whiteley MBE
A Knight
J C O'Dor
C White (appointed 17 November 2020)
T Wilkes (appointed 17 November 2020)

Trustees

Dr S White, Chair of Trustees¹
D Whiteley MBE¹
Dr E J Perry
J Gledhill (resigned 31 December 2020)
D Wilkinson¹
J Haines
L M O'Neill (resigned 30 September 2021)
I Gray (appointed 5 July 2021)
Dr A Costello, Accounting Officer (appointed 1 September 2020)¹
A Neesa (appointed 3 September 2020)
A Ross (appointed 4 March 2021, resigned 5 July 2021)

¹ Member of the Resource, Audit and Risk Committee

Company registered number

10221189

Company name

Interaction and Communication Academy Trust Limited

Registered office

Castle Hill School
Newsome Road South
Newsome
Huddersfield
West Yorkshire
HD4 6JL

Chief executive officer

Dr A Costello

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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Senior management team

Dr A Costello, Chief Executive Officer
J Rawson, Director of Finance
N Roys, Director of Operations
G Firth, Director of IT (resigned on 31 August 2021)
A Andrew, Principal of High Park School
S Perren, Principal of Castle hill School

Independent auditors

Cooper Parry Group Limited
Chartered Accountants
Statutory Auditor
Park View
One Central Boulevard
Blythe Valley Park
Solihull
West Midlands
B90 8BG

Bankers

Lloyds Bank plc
1 Westgate
Huddersfield
HD1 2DN

Solicitors

Harrison Clark Rickerbys Limited
Ellenborough House
Wellington Street
Cheltenham
Gloucestershire
GL50 1YD

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2021

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from 1 September 2020 to 31 August 2021. The annual report serves the purposes of both a Trustees' report and a Directors' report, including a strategic report, under company law.

The Trust operates 3 Special School Academies in West and South Yorkshire, with a combined pupil capacity of 353 and 375 pupils currently enrolled across the Academies based on the May 2021 Census.

Structure, governance and management

a. Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Trust.

The Trustees are also the Directors of the charitable company for the purposes of company law. The charitable company operates as Interaction and Communication Academy Trust Limited.

Details of the Trustees who served throughout the year and to the date the approval of this report and the financial statements 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 £10, for the debts and liabilities contracted before they ceased to be a member.

c. Trustees' indemnities

The Academy Trust has opted into the Department of Education's Risk Protection Arrangement ('RPA'), an alternative to insurance where UK government funds cover losses that arise. The scheme protects Members, Trustees and the Local Governing Body members from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The scheme provides cover up to £10,000,000.

d. Method of recruitment and appointment or election of Trustees

The Trust shall have the following Trustees, as set out in its Articles of Association and funding agreement:

- up to 9 Trustees who are appointed by the Members;
- any number of parent Trustees who are elected by parents of registered pupils at the Academy Trust. The Articles require at least two parent trustees if there are not at least two parent governors on each Local Governing Body. Currently each LGB has two parent governors, however Castle Hill School are in the process of recruiting 1 new parent governor on to their Local Governing Body;
- any number of staff Trustees appointed by the Members (provided that the total number of Trustees, including the Chief Executive, who are employees of the Academy Trust, does not exceed one third of the total number of Trustees);
- any number of co-opted Trustees who are appointed by the Board of Trustees; and
- the Chief Executive who is treated for all purposes as being an ex-officio Trustee.

Trustees are appointed for a 4-year period, except that this time limit does not apply to the Chief Executive Officer who will be appointed on an Ex-Officio basis. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Structure, governance and management (continued)

An annual skills audit of trustees is undertaken. When appointing new Trustees, the Board of Trustees gives consideration to the skills and experience mix of existing Trustees in order to ensure the Board of Trustees has the necessary skills to contribute fully to the Academy Trust's ongoing development.

e. Policies adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but will always include a tour of the schools and a chance to meet staff and pupils (this may be virtual due to current COVID-19 implications). All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans, statutory governance information and other any other documentation they may need to undertake their role as a Trustee.

An induction is provided by the Director of Operations and is specifically tailored to the individual. Advantage is taken of relevant courses offered by various external and online organisations as appropriate.

The Chair of Directors meets annually with each Trustee to discuss training and development. The outcomes inform an annual development programme which includes training sessions prior to each full Board meeting. A Trustee information pack has been developed and has been shared with all new Trustees as well as existing Trustees. The information pack includes links to relevant websites, ICAT specific information and all the legal documentation required to fulfil the duties of a Trustee.

Trustees can also take advantage of full access to the National Governors Association website, CST updates and courses, The Key for Governors and Educare which is an E-Provider of education related modules. Directors are asked to complete the Safeguarding, Prevent Duty Health and Safety, and Child Protection Refresher modules as a minimum.

f. Organisational structure

At 31 August 2021, the Academy Trust comprised the following individual academies:

- Castle Hill School (joined on 1st September 2016)
- High Park School (joined on 1st April 2017)
- Milton School (joined on 1st March 2018)

The Trustees are responsible for setting general policy, adopting an annual development plan and budget, approving the annual statutory accounts, monitoring the Academy Trust by the use of budgets and other data, and making the major decisions about the direction of the Academy Trust, capital expenditure and senior staff appointments.

The Board of Trustees normally meet 4 times each year. The Board of Trustees establishes an overall framework for the governance of the Academy Trust and determines membership, terms of reference and procedures of Committees of the Board of Trustees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings and through direct reporting from the elected Chair of each Committee. The Board of Trustees may from time to time establish working groups to perform specific tasks over a limited timescale.

There are 3 Committees of the Board of Trustees as follows:

- Resource, Audit and Risk Committee
- Academic and Safeguarding Committee
- Remuneration Committee

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TRUSTEES' REPORT (CONTINUED)
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Structure, governance and management (continued)

Each Committee has its own terms of reference detailing the responsibilities discharged to it.

The following decisions are reserved to the full Board of Trustees:

- to consider any proposals for changes to the status or constitution of the Academy Trust and its Committee structure;
- to appoint or remove the Chair and / or Vice Chair; and
- to appoint and / or consider the performance management of the Senior Management Team including the CEO and ICAT Central Team.

The Trustees have devolved the day-to-day management of the Academy Trust to the Senior Management Team ('SMT'), which is led by the Chief Executive. The SMT comprises the Chief Executive and the Central ICAT Team; the Trust Director of Finance, the Trust Director of Operations, the Trust Director of I.T. The Chief Executive Officer is the Academy Trust's Accounting Officer and has overall responsibility for the day-to-day financial management of the Academy Trust. The SMT implements the policies laid down by the Trustees and reports back to them on performance.

The Board of Trustees delegates a number of functions to the Local Governing Bodies ('LGB') for each of the Trust's Academies. Each LGB reviews annual Academy Trust plans and budgets, monitors progress against targets and OFSTED standards and oversees parent and community liaison. The Chair of each Local Governing Body also sits on the Board of Trustees.

The Trust has a strict Scheme of Delegation and Financial Scheme of Delegation that determine the above delegated powers.

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

The Trustees consider the senior management team as the staff who are in charge of directing and controlling, running and operating the Trust on a day-to-day basis. All Trustees give their time freely and no Trustee received any remuneration in the current or prior year.

The pay of the Chief Executive is reviewed annually by the Board of Trustees based on the annual performance management process for the Chief Executive and in line with the Trust's pay policy, which references the set point scale for the role as outlined in the CEO contract. An annual performance management review is undertaken by 2 Trustees, who also review the CEO's remuneration levels and make recommendations to the remuneration committee who then refer to the Board of Trustees for approval.

The pay of the ICAT Central Team is reviewed annually by the Board of Trustees based on the annual performance management process and in line with the Trust's pay policy. An annual performance management review is undertaken by the CEO and Chair of Trustees, who also review the team's remuneration levels and make recommendations to the Board of Trustees for approval.

The pay of the Principals is reviewed annually by the Board of Trustees based on the annual performance management process and in line with the Trust's pay policy, which references the set point scale for the role as outlined in the respective contracts. An annual performance management review is undertaken by the CEO, Chair of the LGB and one other LGB member, who also review the Principal's remuneration levels and make recommendations to the Board of Trustees for approval.

h. Related parties and other connected charities and organisations

There are no related parties or connected organisations which either control or significantly influence the decisions and operations of the Interaction & Communication Academy Trust.

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TRUSTEES' REPORT (CONTINUED)
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Structure, governance and management (continued)

i. Engagement with employees (including disabled persons)

The Academy Trust's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests. Information about matters of concern to employees is given through information bulletins, reports and meetings which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Academy Trust's performance. During employment, the Trust seeks to work with employees, taking into account their personal circumstances, to ensure appropriate training, development and advanced employment opportunities are available to them to reach their full potential.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the Academy Trust continues and that the appropriate training is arranged. It is the Academy Trust's policy that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

j. Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the year	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	6,385,154	
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 YEAR ENDED 31 AUGUST 2021

Objectives and activities

a. Objects and aims

The principal objects of the Academy Trust, as set out in its Articles of Association, are to:

- advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school, offering a broad and balanced curriculum; and
- promote for the benefit of the inhabitants of the areas in which the Academies are situated and the surrounding area the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity, disablement, financial hardship or social and economic circumstances for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

More specifically, the vision and aims of the Academy Trust during the period ended 31 August 2021 are summarised below:

The Multi Academy Trust has been developed to share our ideas, strengths and expertise to provide the best possible learning opportunities for all our pupils. We can extend our networks for all our children and families and collectively offer a wide range of opportunities.

- provide an atmosphere where all young people achieve to their full potential
- respect, trust and value ourselves and each other
- aim for our personal best and share in our successes
- hear every voice
- see change as a chance to grow
- make learning fun
- promote a climate of high expectation in which the achievements and successes are celebrated
- ensure pupils have a voice in all aspects of school life
- prepare our pupils for adulthood in order for them to become caring, confident and responsible citizens in the community

ICAT specialises in meeting the educational needs of children and young people aged 3-19 with a range of learning difficulties. We are a family of schools who are led by our Members and Board of Trustees, to blend the best educational and therapeutic practice. Our team approach ensures we work closely with families, carers and a wide multi-professional team to identify and meet all the needs of our young people.

b. Objectives, strategies and activities

The key priorities for the period are contained in the Academy Trust's Development Plan which is available from the CEO. The key activities of the Academy Trust for the year ended 31 August 2021 were focused as follows:

- develop a strategic and operational Covid-19 recovery plan for the trust and its schools to ensure a continuum of education for its pupils
- develop a home learning/remote learning programme of study for all pupils who were not able to attend a school site
- develop and implement a HR Strategy to harmonise policies and terms and conditions across the Trust
- develop and enhance the learning environment at Milton School through SEND Sufficiency and CIF bid funding
- develop a project team to design and construct an Eco-Build at Castle Hill School to support and promote provision and learning opportunities
- work collaboratively across the Trust to share best practice to support outcomes for pupils

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TRUSTEES' REPORT (CONTINUED)
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Objectives and activities (continued)

Covid-19 restricted face-to-face collaborative working across multiple sites; whilst the Trust utilised other means of communication such as Teams meetings this did limit the level of interaction.

Supply chain issues due to Covid-19 also created barriers and delays to the advancement of building projects. Some project plans were thus delayed to the next academic year.

Business links and the growth of the Trust have been impeded by Covid-19. The pandemic has made networking challenging.

c. Public benefit

The Academy Trust aims to advance for the public benefit education in the areas where the Academies are situated, and the surrounding areas, offering a broad curriculum and an excellent education environment for its pupils. The Academy Trust also allows use of its facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of that community. The details of the particular activities of the Academy Trust during the year and how these have provided public benefit are detailed in the Achievements and Performance section below.

The Trustees confirm that they have complied with the duty in the Charities Act 2011 to have due regard to the Charity Commission general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy Trust's aims and objectives and in planning its future activities.

Strategic report

Achievements and performance

The Academy Trust continues to evolve and to adapt to the ever-changing educational environment. The Trust is in its 5th year of operation since conversion to an Academy Trust. The total number of pupils in the year ended 31 August 2021 was 375, this is increasing year on year due to demand for places across the Trust.

The current Ofsted status of each school is as follows:

- Castle Hill School, Outstanding, July 2019
- High Park School, Good, January 2019
- Milton School, Outstanding, February 2011

The Academy Trust is committed to continual improvement, which is achieved in a number of ways, including improvement planning, review meetings, continual professional development, lesson observations, performance management, self-evaluation, data analysis and action planning.

The particular achievements and performance of the Academy Trust during the year ended 31 August 2021 were as follows:

- All three schools managed to remain open throughout the pandemic to a large number/all of their pupils (as all pupils fall within the 'most vulnerable' category as defined by the government)
- Each school provided a high-level remote learning package for their pupils throughout the pandemic
- Milton School successfully received funding for an additional two classrooms increasing their pupil intake capacity to 145. This build was successfully completed and handed over during the 2020-21 academic year.
- Milton School successfully applied to change their designation to include an Early Years' Provision. The first intake of Early Years pupils was in the 2020-21 academic year.
- The Trust has developed a new Strategic Plan, approved by Trustees in July 2021.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Achievements and performance (continued)

Pupil progress has been impacted due to a number of factors during the Covid pandemic including repeated disruption linked to periods of self-isolation, health issues, reduced attendance, reduced opportunities both in school and at home for meaningful social opportunities, parental capacity to deliver home-learning activities, reduction of and in many cases no respite services and access to a broader range of strategies to self/mutually regulate. The Trust implemented numerous strategies and interventions to support pupils throughout the pandemic and pupil progress has since significantly increased. Whilst more pupils in Summer 2020 may not have met their end of year targets, many still made progress within their age range and beyond and have now caught up.

a. Key performance indicators

The Academy Trust uses a number of benchmarks or performance indicators to evaluate its financial performance and drive budgetary control and monitoring. A key financial performance indicator for the Trust is the level of reserves held at the balance sheet date and, in particular, the amount of unrestricted reserves plus restricted income reserves carried forward. At 31 August 2021, the balance of the unrestricted and restricted income reserves was £1,936,008 (2020: £1,402,839). Further details on the level of reserves held by the Academy Trust are set out in the Reserves Policy below.

As the majority of the Academy Trust's funding is based on pupil numbers, pupil numbers is also a key performance indicator. As noted earlier in this report, pupil numbers at the most recent census were 375 which is an increase of 0.1% of from the previous year.

Staffing costs are another key performance indicator for the Academy Trust and the percentage of total staff costs to total educational grant funding (being GAG funding plus other operating educational grants from the ESFA and / or Local Authority) for the year was 83.6% (2020: 86.5%), while the percentage of staff costs to total costs (excluding depreciation and LGPS FRS102 pension cost charges) was 84.6% (2020: 84.8%).

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, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies within the financial statements.

Covid-19 has impacted finances by decreasing the amount of people related expenditure i.e. supply staff and overtime but has increased the cost of physical resources such as ICT, printing etc. to support the home learning programmes. However, it has had a positive impact on the overall finances of the Trust.

c. Promoting the success of the company

The Trustees have acted in the way which they consider, in good faith, promotes the success of the Academy Trust for the benefit of its pupils and their parents, the Department for Education and the Education and Skills Funding Agency as principal funders and regulators, its suppliers and local wider school community as a whole, and in doing so have given regard to (amongst other matters):

Our educational business relationships and community

With a highly committed and dedicated workforce, the Academy Trust takes great pride in listening to what our pupils, parents and local community want and continues to provide the level of education outcomes and results that they have come to expect. The Academy Trust continues to evolve and to adapt to the ever-changing educational environment, working with external bodies/agencies during the pandemic to support our pupils.

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TRUSTEES' REPORT (CONTINUED)
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Strategic report (continued)

Achievements and performance (continued)

As an educational focused charitable organisation, public benefit is also at the heart of all we do. The details in the "Objectives and Activities" and "Achievements and Performance" section of the Trustees' report above provide details of the impact of our activities and our achievements for the year.

With respect to suppliers, the Academy Trust's policy for the payment of suppliers is to agree to terms of payment in advance in line with normal commercial practices and, provided a supplier performs in accordance with the agreement, to abide by such terms.

The Academy Trust is also committed to contributing towards combating the threat of global warming by using energy efficient measures to reduce CO2 emissions throughout its buildings, facilities and operations. The proposed EcoBuild Recycling Unit at Castle Hill School is an example of the Trust's commitment.

Our stakeholders

In addition to our pupils, parents, suppliers and wider local community, the Trustees also recognise the importance of their relationship with the Department for Education (DfE) and the Education and Skills Funding Agency (ESFA), as principal funders, regulators and stakeholders.

The Trustees are committed to the effective engagement with the DfE and the ESFA (and their representatives) and recognise that its success depends on the Trustees and senior management's ability to engage with them effectively and to work with them constructively, taking into account their guidance and best practice initiatives, whilst also working in line with the specific requirements of the Academy Trust's funding agreement and the Academies Financial Handbook.

Our people

The Academy Trust's key asset is its people. It employs over 340 staff, including agency workers, and it is only through the combined effort of this workforce, together with our supporters and volunteers, that we can change the lives of the children under our care. The Academy Trust encourages the involvement of all employees in decision making processes that impact on them directly and further details on our engagement with our people is detailed in the "Engagement with Employees (including Disabled Persons)" section of the Trustees' report above.

Our Members

The Members are actively engaged in understanding our strategy and vision for the future, our culture and ethos, our people and our educational performance and standards. They receive regular communications from the Trust, including the central team and the Chair of Directors. They attend the AGM and are invited to Trust events as appropriate.

Maintaining a reputation for high standards

The Academy Trust has been in existence for 5 years, and is committed to continual improvement, which it achieves in a number of ways, including improvement planning, review meetings, continual professional development, lesson observations, performance management, self-evaluation, data analysis and action planning. The Academy Trust also continually develops strategies to maintain and grow its pupil base, including developing new partnerships with schools, adding Early Years provision at Milton School, and further improving relationships with our suppliers.

The information in the "Achievements and Performance" section of the Trustees' report above provide details of our achievements during the year and the standards of educational performance we have achieved for all our stakeholders.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Strategic report (continued)

Financial review

For the year ended 31 August 2021, the Academy Trust's total income (excluding capital grants) was £10,083,153 (2020: £9,177,151) while the total expenditure (excluding depreciation and LGPS FRS102 pension cost charges) was £9,470,784 (2020: £8,774,194), resulting in a net operating surplus for the year of £612,369 (2020: £402,957). The balance of reserves at 31 August 2021, excluding the restricted fixed asset funds and LGPS liability fund, is £1,936,008 (2020: £1,402,839).

The Covid Catch up Funding for 2020-21 was spent across the Trust on:

- resources to support increased physical activities including programmes developed by the Occupational Therapist;
- increased leadership capacity in some classes by securing additional teacher and Learning Support time to provide focussed teaching support for a number of pupils who were impacted more significantly by the Covid pandemic;
- Outreach and associated cover costs for students not attending, shielding and those receiving Aerosol Generating Procedures (AGP);
- Structural changes to school to meet aerosol generation procedures student needs;
- Training and resources regarding aerosol generation procedures need and associated cover costs; and
- General PPE resources which have enabled access to education for all students.

The net book value of fixed assets at 31 August 2021 were £14,424,555. The fixed assets held by the Academy Trust are used exclusively for providing education and associated support services to the pupils of the Academy Trust.

Included within the Academy's balance sheet at year end is a defined benefit pension scheme liability of £11,333,000 (2020: £9,562,000), which arises from the deficit in the Local Government Pension Scheme ("LGPS") that is attributable to the Academies. Further details regarding the deficit in the LGPS at 31 August 2021 are set out in note 24 to the financial statements.

The key financial policies reviewed and adopted during the period included the Financial Procedures Policies and Manual, which lays out the framework for the Academy Trust's financial management, including financial responsibilities of the Board of Trustees, CEO, Senior Management Team, budget holders and other staff, as well as the delegated authorities for spending. The other financial policies reviewed and adopted during the period included Gifts and Hospitality, Expenses, Charging, Fixed Asset & Depreciation Policy, Pay and Fraud and Corruption.

a. Reserves policy

The Trustees review the reserve levels of the Academy Trust annually. This review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees also take into consideration the future plans of the Academy Trust, the uncertainty over future income streams and other key risks identified during the risk review. The Trustees have determined that the appropriate level of operating reserves should be approximately 5% of the overall income. The reason for this is to provide sufficient working capital to cover delays between spending and receipts of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance and long term staff absences.

The Academy Trust's current level of operating reserves at 31 August 2021 is £1,936,008 (2020: £1,402,839), which is made up of restricted income reserves of £1,167,787 (2020: £740,756) and unrestricted funds of £768,221 (2020: £662,083). Although the current level of operating reserves is above the target level identified above, the Trustees expectation is that certain of these reserves will be utilised over the next few years to fund the ongoing development of the Academy Trust, including the need to retain key staff in light of the increasing cost pressures in future years and the need to fund ongoing capital projects and developments.

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TRUSTEES' REPORT (CONTINUED)
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The value of the restricted fixed asset fund at 31 August 2021 is £14,468,935 (2020: £14,825,581), which is represented by the fixed assets that are used exclusively for providing education and associated support services to the pupils of the Trust, and the balance of unspent capital grants to be used on future capital expenditure. These funds can only be realised by disposing of the associated tangible fixed assets.

The pension reserve fund has a deficit balance at 31 August 2021 of £11,333,000, which represents the deficit in the LGPS at the balance sheet date. The effect of the LGPS deficit is that Academy Trust is required to make some additional pension contributions over a number of years in order to fund the deficit. These additional pension contributions will be funded from the Trust's annual recurring income, which may significantly impact its ability to continue to deliver its educational outcomes with the available public funding it receives. The Trustees have noted however that the Government has provided a guarantee that in the event of an Academy closure, any outstanding LGPS liabilities would be met by the Department for Education.

b. Investment policy

All funds surplus to immediate requirements are invested to optimal effect by the Academy Trust with the objective of ensuring maximum return on assets invested but with minimal risk. On a daily basis this is achieved by automatic transfer of surplus funds to an overnight deposit account with the Academy Trust's principal bankers. Where cash flow allows, sums in excess of £500,000 may be invested on deposit for extended periods with the Academy Trust's principal bankers or other reputable financial institutions.

c. Principal risks and uncertainties

The Trustees have assessed the major risks to which the Academy Trust is exposed, especially in the operational areas, such as teaching, health & safety, safeguarding and school trips, and in relation to the control of finances and strategic development of the Trust. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk and have agreed a Risk Management Strategy and Risk Management Plan, which incorporates a Risk Register. The Risk Management Plan is constantly reviewed in light of any new information and formally reviewed annually.

The principal risks and uncertainties facing the Academy Trust are as follows:

Educational

The continuing success of the Academy Trust is dependent on continuing to attract pupil applicants in sufficient numbers by maintaining the highest educational standards across all key stages. To mitigate this risk, the Trustees ensure that pupil success and achievement are closely monitored and reviewed, with corrective actions embedded at an early stage, and that relationships and partnerships with parents, the local community and other organisations and groups are maintained and are effective in producing a cohesive and supportive community. The Trust school have seen a year-on-year increase in pupil numbers and the Trust believes that pupil numbers will not decrease from the current figures due to the specialist provision offered and the high need for SEN places in each authority.

Safeguarding and child protection

The Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline. This has been reviewed during the Covid-19 pandemic to reflect the unprecedented situation. Additional monitoring of processes and wellbeing has been applied to all stakeholders and new recruits throughout the pandemic.

Leadership

A key area of uncertainty relates to the long-term absence of the Chief Executive & Principal of Milton School since the end of August 2021. In mitigation the Trust has made interim acting up arrangements and is drawing upon the expertise of staff across the Trust to ensure the high standards of education and support are maintained.

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TRUSTEES' REPORT (CONTINUED)
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Financial

The Academy Trust has considerable reliance on continued Government funding through the ESFA and Local Authority. In the year, approximately 95% of the Academy Trust's income was ultimately Government funded. Whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms, particularly in light of continuing changes in the National Funding Formula for schools. Continuing increases in employment costs, including pension costs association with both the Teachers' Pension Scheme and the Local Government Pension Schemes, and premises costs will also continue to place significant pressure on the Trust's financial position and its ability to deliver balance budgets in the future.

The Chair of Trustees examines the financial health of the Academy Trust formally every month and the Resource, Audit and Risk Committee meet 4 times a year, reviewing performance against budgets and overall expenditure by means of regular update reports at all meetings.

At the balance sheet date, the Academy Trust had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on the Academy Trust's liquidity. The Trustees recognise that the LGPS deficit represents a significant potential liability to the Academy Trust. However, as the Trustees consider the Academy Trust is able to meet its known annual contribution commitments for the foreseeable future, the risk from this liability is minimised.

Staffing

The success of the Academy Trust is reliant on the quality of its staff so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning. A Continuous Development policy has recently been formulated for the Trust ensuring oversight of all professional development opportunities.

Failures in governance and / or management

The risk in this area arises from the potential failure to effectively manage the Academy Trust's finances, internal controls, compliance with regulations and legislation, statutory returns etc. The Trustees continue to review and ensure appropriate measures are in place to mitigate these risks, which includes those relating to fraud and mismanagement of funds. The Board of Trustees has an annual training programme with statutory training requirements to ensure compliance with statutory obligations. A self-assessment of Board effectiveness was undertaken by trustees in summer 2021; resulting actions will be implemented in the current year.

Fraud and mismanagement of funds

The Academy Trust has engaged Moorlands Learning Trust perform a program of internal work aimed at checking and reviewing the financial systems and records as required by the Academies Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and to develop their skills in this area.

Fundraising

The Academy Trust raises funds for specific projects that will enhance the learning experience and environment for existing and future students, where funds cannot be accessed via existing channels such as government education funding. Fundraising is primarily undertaken by staff or parents and no professional fundraisers or commercial participators work with the Trust currently. Fundraising is undertaken in line with the Fundraising Regulator's Code of Fundraising Practice and is monitored by the central finance function of the Trust. The Academy Trust is mindful of the requirement to protect the public, particularly vulnerable people, from unreasonably intrusive or persistent fundraising approaches or undue pressure to donate. No complaints have been received in respect of fundraising activities and the general complaints policy of the Trust would be applicable if so. However, Covid-19 has significantly impacted on the Trust's ability to fundraise and host fundraising events. Therefore, fundraising has been limited during 2020-21.

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Plans for future periods (continued)

ICAT strives to continually improve levels of attainment for all pupils, equipping them with the skills and/or qualifications necessary for adulthood. Our aim is for each pupil to achieve their full potential and be prepared for the next stage in their life, whether that be further education, employment, or care in the community. This is achieved through rigorous quality assurance of teaching and learning, underpinned by continuous staff development.

The Trust has recently developed a new Strategic Plan 2021/24 which sets out the Trust's key objectives and priorities for the next three years. Our experience over the last three years shows only a modest appetite from special schools to join Multi Academy Trusts such as ours. Whilst we remain open to applications to join the Trust, our main areas of growth will be through the development of new business partnerships and alliances with schools which have high numbers of SEND pupils. The Trust will continue to promote and develop the work of the Pennine Teaching School both locally and nationally. We will focus on our key strength which is our expertise in SEND.

The Trust has set ambitious targets within the Strategic Plan 2021/24, for the academic attainment and progress of pupils attending the Trust Schools. These targets will be measured against key performance indicators. In addition, improvement plans will be in place to drive school improvement across the Trust. Building's audits/Condition Improvement Surveys were undertaken at both High Park and Milton School, the findings of which will inform our estate improvement plan

Unfortunately, Covid-19 has inhibited one of the KPIs regarding business growth and relationships with external businesses. The Trust are hoping to progress this KPI as soon as Covid restrictions allow.

Funds held as custodian on behalf of others

The Academy Trust and its Trustees do not act as Custodian Trustees of any other charity. The Trust does however hold Post 16 Bursary Funds on behalf of the ESFA, which are distributed to students as required and in line with the terms and conditions of the funds.

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.

Auditors

The auditors, Cooper Parry Group Limited, have indicated their willingness to continue in office and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

The Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 30 November 2021 and signed on its behalf by:



Dr S White
Chair of Trustees

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that the Interaction and Communication Academy 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 CEO, 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 Interaction and Communication Academy Trust Limited 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 5 times during the year.

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

Trustee	Meetings attended	Out of a possible
Dr S White, Chair of Trustees	5	5
D Whiteley MBE	4	5
Dr E J Perry	4	5
J Gledhill	0	1
D Wilkinson	5	5
J Haines	3	5
L M O'Neill	4	5
I Gray	1	1
Dr A Costello, Accounting Officer	5	5
A Neesa	2	5
A Ross	1	1

Over the last year the composition of the Board of Trustees has changed in the following ways; J Gledhill resigned as a Trustee on 31 December 2020, A Ross resigned as a Trustee on 5 July 2021 and I Gray was appointed as a Trustee on 5 July 2021.

The Board of Trustees reviewed the Academy Trust's governance structure during the year to evaluate its impact and effectiveness, which was achieved through a governance focussed internal audit, Education and Skills Funding Agency Financial Self Governance audit and the Financial and Governance Self-Assessment Tool. The Board of Trustees has a wide range of skills that contribute to the successful governance of the Trust and are satisfied that the current structure in place is appropriate and effective for the Academy Trust.

Although the Board of Trustees met less than six times during the year, they have maintained effective financial oversight and governance through the formal work undertaken by the Resource, Audit and Risk Committee and the Academic and Safeguarding Committee as detailed further below. These are sub-Committees of the Board of Trustees and they met 4 and 3 times respectively during the year. The minutes of these sub-Committee meetings are provided to the full Board of Trustees and the Chairs of these sub-Committees report to each full Board of Trustee meeting on the key matters considered at their meetings and the impact for consideration by the full Board of Trustees.

Further informal virtual meetings were held bi-weekly with the Senior Management Team and the Board of Directors during the pandemic.

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

The Resource, Audit and Risk Committee is a sub-Committee of the Board of Trustees. Its purpose is to provide oversight, guidance and assistance to the Board of Trustees on all matters related to finance, resources, premises and Health & Safety of the Academy Trust. This Committee also acts as the Academy Trust's Audit Committee, where its purpose is to maintain an oversight of the Trust's governance, risk management, internal control and value for money framework.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
D Wilkinson	3	4
D Whiteley	4	4
A Neesa	3	4
Dr S White	4	4

The key issues dealt with by the Resource, Audit and Risk Committee during the year were the review of the Academy Trust's 3-year financial forecasts and any actions required to mitigate any known risks.

The Committee also maintains an oversight of the Trust's governance, risk management, internal control and value for money framework. It reports its findings annually to the Board of Trustees and the Accounting Officer as a critical element of the Trust's annual reporting requirements.

Another key issue(s) dealt with by the during the year was the review of the reports received from Moorlands Learning Trust in relation to the Trust's systems of internal control and the actions undertaken to address the control weaknesses identified.

Review of value for money

As Accounting Officer, the CEO 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 period, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available.

The Accounting Officer for the Academy Trust has delivered value for money during the year by:

- Shared use of Director of Finance, Director of Operations and Director of IT
- Continued development and implementation of a strong and sustainable Reserves Policy
- Combined purchasing

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 ongoing process designed to identify and prioritise the risks to the achievement of the Academy Trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Interaction and Communication Academy Trust for the period from 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

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 year 1 September 2020 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 regular monthly financial reports which are reviewed by the Chair of Trustees and the budgets received 4 times a year by the Resource, Audit and Risk Committee;
- regular reviews by the Resource, 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;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Board of Trustees has decided to buy-in an internal audit service from Moorlands Learning Trust.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial and other systems. In particular, the checks carried out in the current year included governance, finance and payroll.

On a termly basis, the internal auditor reports to the Board of Trustees through the Resource, Audit and Risk Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities and prepares an 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 auditor has delivered their program of work during the year ended 31 August 2021 as planned. A number of internal areas for development were identified from the work completed and the Trustees and management have developed an action plan to address these weaknesses and improve internal controls over the next 12 months. The key remedial actions being undertaken by the Academy Trust are:

- further training provided to the relevant/key staff;
- a review and implementation of all policies held across the Trust; and
- a more centralised approach to all governance

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of effectiveness

As Accounting Officer, the CEO and the Interim Acting Accounting Officer have responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:


- the work of the external auditors;
- the work of the internal audit auditor;
- the financial management and governance self-assessment process, including the School Resource Management Self-Assessment Tool;
- 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 Resource, Audit and Risk Committee and a plan to address the areas of development to ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 30 November 2021 and signed on their behalf by:



Dr. S White
Chair of Trustees



A Andrew
Interim Acting Accounting Officer

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Interaction and Communication Academy Trust Limited I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & 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.



A Andrew
Interim Acting Accounting Officer

Date: 30 November 2021

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR 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 year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

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

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

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

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

Approved by order of the members of the Board of Trustees on 30 November 2021 and signed on its behalf by:



Dr S White
Chair of Trustees

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED**

Opinion

We have audited the financial statements of Interaction and Communication Academy Trust Limited (the 'academy trust') for the year 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 year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 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.

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED (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 year 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.

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED (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 assessment focussed on key laws and regulations the Academy Trust has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, Charities Act 2011, Academy Financial Handbook 2020, the Academies Accounts Direction 2020 to 2021, taxation legislation, data protection, anti-bribery and employment legislation.

We are not responsible for preventing irregularities, including fraud. Our approach to detecting irregularities, including fraud, included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the Academy Trust and how the Academy Trust is complying with that framework, including agreement of financial statement disclosures to underlying documentation and other evidence;
- obtaining an understanding of the Academy Trust's control environment and how the Academy Trust has applied relevant control procedures, through discussions with Trustees and other management, and by reviewing the reports on the internal scrutiny work commissioned by the trust in relation to the year and by performing walkthrough testing over key areas;
- obtaining an understanding of the Academy Trust's risk assessment process, including the risk of fraud;
- reviewing meeting minutes of those charged with governance throughout the year; and
- performing audit testing to address the risk of management override of controls, including testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Whilst considering how our audit work addressed the detection of irregularities, we also considered the likelihood of detection of fraud based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

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.

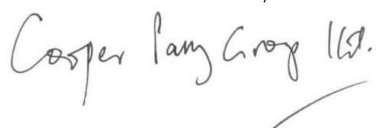
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED (CONTINUED)**

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 Atkins FCA (Senior Statutory Auditor)

for and on behalf of

Cooper Parry Group Limited

Chartered Accountants

Statutory Auditor

Park View

One Central Boulevard

Blythe Valley Park

Solihull

West Midlands

B90 8BG

14 December 2021

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED AND THE EDUCATION AND SKILLS
FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 1 October 2019 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 Interaction and Communication Academy Trust Limited during the year 1 September 2020 to 31 August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

**Respective responsibilities of Interaction and Communication Academy Trust Limited's
accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Interaction and Communication Academy Trust Limited's funding agreement with the Secretary of State for Education dated 23 August 2016 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 year 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting 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.

The work undertaken to draw our conclusions included:

- Reviewing the internal control policies and procedures implemented by the academy trust and evaluating their design and effectiveness to understand how the academy trust has complied with the framework of authorities;
- Reviewing the minutes of meetings of the Trustees, relevant sub-committees and other evidence made available to us, relevant to our consideration of regularity;
- Enquiries of the Accounting Officer, including reviewing the work undertaken by the Accounting Officer in relation to their Statement on Regularity, Propriety and Compliance; and
- Detailed testing of the income and expenditure of the academy trust based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit of the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO
INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED 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 year 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Reporting Accountant
Cooper Parry Group Limited
Chartered Accountants
Statutory Auditor

Park View
One Central Boulevard
Blythe Valley Park
Solihull
West Midlands
B90 8BG

Date: 14 December 2021

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:						
Donations and capital grants	3	16,113	70,198	377,559	463,870	191,394
Other trading activities		212	-	-	212	-
Investments	5	178	-	-	178	791
Charitable activities	4	118,936	9,729,426	-	9,848,362	8,875,624
Teaching schools	29	-	148,090	-	148,090	247,559
Total income		135,439	9,947,714	377,559	10,460,712	9,315,368
Expenditure on:						
Charitable activities	6	14,196	10,515,148	813,405	11,342,749	9,916,369
Teaching schools	29	-	127,440	-	127,440	115,460
Total expenditure		14,196	10,642,588	813,405	11,470,189	10,031,829
Net income/(expenditure)		121,243	(694,874)	(435,846)	(1,009,477)	(716,461)
Transfers between funds	17	(15,105)	(64,095)	79,200	-	-
Net movement in funds before other recognised gains/(losses)		106,138	(758,969)	(356,646)	(1,009,477)	(716,461)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	24	-	(585,000)	-	(585,000)	(1,953,000)
Net movement in funds		106,138	(1,343,969)	(356,646)	(1,594,477)	(2,669,461)
Reconciliation of funds:						
Total funds brought forward	17	662,083	(8,821,244)	14,825,581	6,666,420	9,335,881
Net movement in funds		106,138	(1,343,969)	(356,646)	(1,594,477)	(2,669,461)
Total funds carried forward	17	768,221	(10,165,213)	14,468,935	5,071,943	6,666,420

The notes on pages 30 to 56 form part of these financial statements.

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED

(A Company Limited by Guarantee)

REGISTERED NUMBER: 10221189

**BALANCE SHEET
AS AT 31 AUGUST 2021**

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	14	14,424,555	14,645,397
Current assets			
Debtors	15	114,149	259,479
Cash at bank and in hand		1,954,220	1,438,302
		2,068,369	1,697,781
Creditors: amounts falling due within one year	16	(87,981)	(114,758)
Net current assets		1,980,388	1,583,023
Total assets less current liabilities		16,404,943	16,228,420
Net assets excluding pension liability		16,404,943	16,228,420
Defined benefit pension scheme liability	24	(11,333,000)	(9,562,000)
Total net assets		5,071,943	6,666,420
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	17	14,468,935	14,825,581
Restricted income funds	17	1,167,787	740,756
Pension reserve	17	(11,333,000)	(9,562,000)
Total restricted funds	17	4,303,722	6,004,337
Unrestricted income funds	17	768,221	662,083
Total funds		5,071,943	6,666,420

The financial statements on pages 27 to 56 were approved by the Trustees, and authorised for issue on 30 November 2021 and are signed on their behalf, by:



Dr S White
Chair of Trustees

The notes on pages 30 to 56 form part of these financial statements.

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by operating activities	19	720,494	328,100
Cash flows from investing activities			
Cash flows from investing activities	21	(214,826)	63,461
Cash flows from financing activities			
Cash flows from financing activities	20	10,250	-
Change in cash and cash equivalents in the year		515,918	391,561
Cash and cash equivalents at the beginning of the year		1,438,302	1,046,741
Cash and cash equivalents at the end of the year	22, 23	<u>1,954,220</u>	<u>1,438,302</u>

The notes on pages 30 to 56 form part of these financial statements

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

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

1. Accounting policies

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

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 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

1.2 Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the 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.

1.3 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.

1.4 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.

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.5 Income

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

• **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year 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 year it is receivable and to the extent the Academy Trust has provided the goods or services.

• **Donated goods, facilities and services**

Goods donated for ongoing use by the Academy Trust are included at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The value of the donated goods is recognised as 'Income from Donations and Capital Grants' and a corresponding amount is included in the appropriate expenditure category in accordance with the Academy Trust's accounting policies.

1.6 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 charitable activities are costs incurred on the Academy Trust's educational operations, including support costs and those costs relating to the governance of the Academy Trust appointed to charitable activities.

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.6 Expenditure (continued)

• **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.7 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Academy Trust; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.8 Operating leases

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

1.9 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 and assets under construction, at rates calculated to write off the cost of each asset on a straight-line basis or reducing balance basis over its expected useful life.

Depreciation is provided on the following bases:

Long-term leasehold buildings	-	2.00%	straight line
Long-term leasehold land	-		straight line over the 125 year lease period
Furniture and equipment	-	10.00%	straight line
Motor vehicles	-	15.00%	reducing balance
Computer equipment	-	20.00%	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.

1.10 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.

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.11 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.

1.12 Liabilities and provisions

Liabilities and provisions 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.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.13 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.

1.14 Agency arrangements

The Academy Trust acts as an agent in distributing the 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Academy Trust does not have control over the charitable application of the funds. Further details of the transactions are set out in note 26.

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

1. Accounting policies (continued)

1.15 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 15. 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 note 16. 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.

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

2. Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tangible fixed assets are depreciated over their economic useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

Critical areas of judgement:

The Academy Trust obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy Trust to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

3. Income from donations and capital grants

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £	Total funds 2020 £
Donations	16,113	70,198	350,098	436,409	53,177
Capital Grants	-	-	27,461	27,461	138,217
	<u>16,113</u>	<u>70,198</u>	<u>377,559</u>	<u>463,870</u>	<u>191,394</u>
Total 2020	<u>29,023</u>	<u>24,154</u>	<u>138,217</u>	<u>191,394</u>	

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

4. Funding for the Academy Trust's educational operations

	Unrestricted funds 2021 £	Restricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	3,749,997	3,749,997	3,583,914
Other DfE/ESFA grants				
Pupil premium	-	176,505	176,505	160,084
PE Sport Grant	-	49,470	49,470	28,639
Other DfE Group grants	-	11,327	11,327	45,846
	-	-	3,987,299	3,818,483
Other Government grants				
SEN Funding	-	5,220,023	5,220,023	4,590,513
Teachers pay and pension grant	-	251,075	251,075	233,107
Other Local Authority grants	-	-	-	82,980
	-	5,471,098	5,471,098	4,906,600
Other income from educational operations	118,936	143,766	262,702	150,541
COVID-19 additional funding (DfE/ESFA)				
Catch-up Premium	-	102,615	102,615	-
Winter Support grant	-	1,528	1,528	-
	-	104,143	104,143	-
COVID-19 additional funding (non-DfE/ESFA)				
Mass Testing grants	-	23,120	23,120	-
	-	23,120	23,120	-
	118,936	9,729,426	9,848,362	8,875,624
Total 2020	119,261	8,756,363	8,875,624	

Following the reclassification in the Academies Accounts Direction 2020/21 of some grants received from the Department of Education and ESFA, the academy trust's funding for various grants previously aggregated together as Other DfE/ESFA grants are now reported as separate grants under the heading of Other DfE/ESFA grants above. The prior year comparatives have been reclassified accordingly.

The Academy Trust received £102,615 of funding for COVID catch-up premium and costs incurred in respect of this funding totalled £86,694, with the remaining balance of £15,921 to be expended during the year ending 31 August 2022.

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

5. Investment income

	Unrestricted funds 2021 £	Total funds 2021 £	Total funds 2020 £
Bank interest	178	178	791
	178	178	791

In 2021, all of the investment income of £178 (2020: 791) related to unrestricted funds.

6. Expenditure

	Staff Costs 2021 £	Premises 2021 £	Other 2021 £	Total 2021 £	Total 2020 £
Educational operations:					
Direct costs	7,760,412	-	298,296	8,058,708	7,402,104
Support costs	1,196,409	642,558	1,445,074	3,284,041	2,514,265
Teaching school	84,806	-	42,634	127,440	115,460
	9,041,627	642,558	1,786,004	11,470,189	10,031,829
Total 2020	8,454,477	531,460	1,045,892	10,031,829	

Of the total expenditure for the year of £11,470,189 (2020: £10,031,829), £14,196 (2020: £15,844) related to unrestricted funds, £10,642,588 (2020: £9,743,350) related to restricted funds and £813,405 (2020: £272,635) related to restricted fixed asset funds.

7. Analysis of expenditure by activities

	Direct costs 2021 £	Support costs 2021 £	Total funds 2021 £	Total funds 2020 £
Educational operations	8,058,708	3,284,041	11,342,749	9,916,369
	8,058,708	3,284,041	11,342,749	9,916,369
Total 2020	8,058,708	3,284,041	11,342,749	9,916,369

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

7. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Educational operations 2021 £	Total funds 2021 £	Total funds 2020 £
Staff costs	7,760,412	7,760,412	7,170,487
Technology costs	79,886	79,886	6,557
Other costs	218,410	218,410	225,060
	<u>8,058,708</u>	<u>8,058,708</u>	<u>7,402,104</u>

Analysis of support costs

	Educational operations 2021 £	Total funds 2021 £	Total funds 2020 £
LSPS FRS102 net interest cost	159,000	159,000	117,000
Staff costs	1,196,409	1,196,409	1,187,961
Depreciation	342,870	342,870	272,635
Technology costs	107,572	107,572	61,514
Premises costs	642,556	642,556	531,460
Other costs	342,073	342,073	330,006
Governance costs	23,026	23,026	13,689
Loss on disposal of fixed assets	470,535	470,535	-
	<u>3,284,041</u>	<u>3,284,041</u>	<u>2,514,265</u>

Included in other costs and governance costs are legal fees of £11,260 (2020: £8,820) which relate to general legal matters.

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

8. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2021 £	2020 £
Operating lease rentals	279,438	275,997
Depreciation of tangible fixed assets	342,870	272,635
	279,438	275,997

9. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Academy Trust's auditor for the audit of the Academy Trust's annual accounts	8,000	8,000
Fees payable to the Academy Trust's auditor in respect of: All non-audit services not included above	8,400	7,930
	8,400	7,930

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021 £	2020 £
Wages and salaries	6,385,154	5,821,415
Social security costs	496,266	457,278
Operating costs of defined benefit pension schemes	2,134,214	1,911,582
	9,015,634	8,190,275
Agency staff costs	7,470	247,738
Staff restructuring costs	18,523	16,464
	9,041,627	8,454,477

Staff restructuring costs comprise:

	2021 £	2020 £
Severance payments	18,523	16,464
	18,523	16,464

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

10. Staff (continued)

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £15,523 (2020: £8,738). Individually, the payments were £13,523 and £5,000 (2020: one payment of £8,738).

c. Staff numbers

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

	2021 No.	2020 No.
Teachers	37	34
Administration and support	282	272
Management	23	23
	342	329
	342	329

d. Higher paid staff

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

	2021 No.	2020 No.
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	1	3
In the band £80,001 - £90,000	3	-
In the band £90,001 - £100,000	1	-
In the band £110,001 - £120,000	-	1
	-	1
	-	1

e. 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 £519,668 (2020: £287,784).

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

11. Central services

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

- School improvement
- HR
- Finance
- IT

The Academy Trust charges for these services on the following basis:

- For Ofsted graded outstanding and good schools, 5% of GAG income, while for all other schools, 6% of GAG income.

The actual amounts charged during the year were as follows:

	2021 £	2020 £
Castle Hill School	99,200	58,777
High Park School	91,200	76,995
Milton School	96,800	60,000
Total	287,200	195,772

12. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the Academy Trust. The Chief Executive and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of Chief Executive and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

		2021 £	2020 £
G Robinson	Remuneration	-	110,000 - 115,000
	Pension contributions paid	-	25,000 - 30,000
Dr A Costello	Remuneration	90,000 - 95,000	-
	Pension contributions paid	20,000 - 25,000	-

During the current year, travel expenses totalling £58 (2020: £729) were reimbursed to 1 Trustee (2020: 1).

13. Trustees' and Officers' insurance

The Academy Trust has opted into the Department of Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy 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.

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021**

14. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 September 2020	15,393,717	160,704	83,216	62,953	15,700,590
Additions	459,461	25,724	38,428	68,950	592,563
Disposals	(504,000)	-	-	-	(504,000)
At 31 August 2021	<u>15,349,178</u>	<u>186,428</u>	<u>121,644</u>	<u>131,903</u>	<u>15,789,153</u>
Depreciation					
At 1 September 2020	938,579	44,668	43,896	28,050	1,055,193
Charge for the year	290,381	16,735	20,127	15,627	342,870
On disposals	(33,465)	-	-	-	(33,465)
At 31 August 2021	<u>1,195,495</u>	<u>61,403</u>	<u>64,023</u>	<u>43,677</u>	<u>1,364,598</u>
Net book value					
At 31 August 2021	<u><u>14,153,683</u></u>	<u><u>125,025</u></u>	<u><u>57,621</u></u>	<u><u>88,226</u></u>	<u><u>14,424,555</u></u>
At 31 August 2020	<u><u>14,455,138</u></u>	<u><u>116,036</u></u>	<u><u>39,320</u></u>	<u><u>34,903</u></u>	<u><u>14,645,397</u></u>

15. Debtors

	2021 £	2020 £
Due within one year		
Trade debtors	4,685	92,199
Other debtors	48,413	109,253
Prepayments and accrued income	61,051	58,027
	<u><u>114,149</u></u>	<u><u>259,479</u></u>

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
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FOR THE YEAR ENDED 31 AUGUST 2021

16. Creditors: Amounts falling due within one year

	2021 £	2020 £
Other loans	10,250	-
Trade creditors	2,909	35,131
Other creditors	9,901	13,709
Accruals and deferred income	64,921	65,918
	87,981	114,758
	87,981	114,758
	2021 £	2020 £
Deferred income		
Deferred income at 1 September 2020	44,812	53,656
Resources deferred during the year	5,967	44,812
Amounts released from previous periods	(44,812)	(53,656)
	5,967	44,812
	5,967	44,812

Deferred income relates to funding received in advance for Universal Infant Free School Meals and SEN funding, which will be utilised during the year ending 31 August 2022.

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17. Statement of funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2021 £
Unrestricted funds						
General Funds	662,083	135,439	(14,196)	(15,105)	-	768,221
Restricted general funds						
General Annual Grants (GAG)	506,793	3,749,997	(3,277,781)	(64,095)	-	914,914
Pupil Premium	-	176,505	(176,505)	-	-	-
PE Sport Grant	-	49,470	(49,470)	-	-	-
Other DfE/ESFA grants	15,551	11,327	(11,327)	-	-	15,551
Teaching School	200,751	148,090	(127,440)	-	-	221,401
Other income	17,661	213,964	(215,704)	-	-	15,921
SEN funding	-	5,220,023	(5,220,023)	-	-	-
Teachers pay and pension grant	-	251,075	(251,075)	-	-	-
Catch-up Premium	-	102,615	(102,615)	-	-	-
Other DfE/ESFA COVID grants	-	1,528	(1,528)	-	-	-
Other COVID funding	-	23,120	(23,120)	-	-	-
Pension reserve	(9,562,000)	-	(1,186,000)	-	(585,000)	(11,333,000)
	(8,821,244)	9,947,714	(10,642,588)	(64,095)	(585,000)	(10,165,213)
Restricted fixed asset funds						
Capital grants	180,184	27,461	-	(163,265)	-	44,380
Fixed assets	14,645,397	350,098	(813,405)	242,465	-	14,424,555
	14,825,581	377,559	(813,405)	79,200	-	14,468,935
Total Restricted funds	6,004,337	10,325,273	(11,455,993)	15,105	(585,000)	4,303,722
Total funds	6,666,420	10,460,712	(11,470,189)	-	(585,000)	5,071,943

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

17. Statement of funds (continued)

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

The General Annual Grant funding must be used for the normal running costs of the Academy Trust in line with its funding Agreement.

Other DfE/ESFA grants, which include UIFSM grants, Free School Meals grants, PE Sport grants, all Local Authority funding, all DfE/ESFA COVID related funding and all other COVID relating funding are all used in accordance with the restrictions of the individual grants or funding which are all for the provision of education to pupils of the Academy Trust.

Teaching Schools funding are provided for the Teaching School activities undertaken by Castle Hill School.

Other restricted income and donations are all used in accordance with the specific restrictions of the individual funding and donations provided.

Restricted fixed asset funds represent the investment in fixed assets, net of accumulated depreciation, and includes the value of fixed assets transferred to the Academy Trust on conversion of the Schools within the Academy Trust and the value of fixed assets transferred from academies joining the Trust in the current or previous years, together with any capital expenditure funded from restricted or unrestricted funds. Unspent capital grants and capital income are also held in this fund and their use is restricted to the capital projects for which the grant awarded.

The pension reserve represents the Local Government Pension Scheme deficit.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2021.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

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

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
General Funds	595,501	149,075	(15,844)	(66,649)	-	662,083
	<u>595,501</u>	<u>149,075</u>	<u>(15,844)</u>	<u>(66,649)</u>	<u>-</u>	<u>662,083</u>
Restricted general funds						
General Annual Grants (GAG)	355,386	3,583,914	(3,477,889)	45,382	-	506,793
Pupil Premium	-	160,084	(160,084)	-	-	-
PE Sport Grant	-	28,639	(28,639)	-	-	-
Other DfE/ESFA grants	8,103	45,846	(38,398)	-	-	15,551
Teaching School	68,652	247,559	(115,460)	-	-	200,751
Other income	7,744	55,434	(31,280)	(14,237)	-	17,661
SEN funding	-	4,590,513	(4,590,513)	-	-	-
Teachers pay / pension grants	-	233,107	(233,107)	-	-	-
Local Authority grants	-	82,980	(82,980)	-	-	-
Pension reserve	(6,624,000)	-	(985,000)	-	(1,953,000)	(9,562,000)
	<u>(6,184,115)</u>	<u>9,028,076</u>	<u>(9,743,350)</u>	<u>31,145</u>	<u>(1,953,000)</u>	<u>(8,821,244)</u>
Restricted fixed asset funds						
Capital grants	82,010	138,217	-	(40,043)	-	180,184
Fixed assets	14,842,485	-	(272,635)	75,547	-	14,645,397
	<u>14,924,495</u>	<u>138,217</u>	<u>(272,635)</u>	<u>35,504</u>	<u>-</u>	<u>14,825,581</u>
Total Restricted funds	<u>8,740,380</u>	<u>9,166,293</u>	<u>(10,015,985)</u>	<u>66,649</u>	<u>(1,953,000)</u>	<u>6,004,337</u>
Total funds	<u><u>9,335,881</u></u>	<u><u>9,315,368</u></u>	<u><u>(10,031,829)</u></u>	<u><u>-</u></u>	<u><u>(1,953,000)</u></u>	<u><u>6,666,420</u></u>

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

17. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	2021 £	2020 £
Castle Hill School	1,428,125	1,199,971
High Park School	290,491	212,910
Milton School	78,213	(53,752)
Central fund	139,179	43,710
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	1,936,008	1,402,839
Restricted fixed asset fund	14,468,935	14,825,581
Pension reserve	(11,333,000)	(9,562,000)
	<hr/>	<hr/>
Total	5,071,943	6,666,420
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Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2021 £	Total 2020 £
Castle Hill School	2,472,942	341,739	75,684	646,532	3,536,897	3,281,363
High Park School	2,517,139	484,431	101,345	334,157	3,437,072	3,275,715
Milton School	1,708,222	276,851	75,467	394,195	2,454,735	2,105,093
Central fund	122,915	90,388	45,800	70,177	329,280	307,795
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Academy Trust	6,821,218	1,193,409	298,296	1,445,061	9,757,984	8,969,966
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £	Restricted funds 2021 £	Restricted fixed asset funds 2021 £	Total funds 2021 £
Tangible fixed assets	-	-	14,424,555	14,424,555
Current assets	768,221	1,245,518	54,630	2,068,369
Creditors due within one year	-	(77,731)	(10,250)	(87,981)
Provisions for liabilities and charges	-	(11,333,000)	-	(11,333,000)
Total	<u>768,221</u>	<u>(10,165,213)</u>	<u>14,468,935</u>	<u>5,071,943</u>

Analysis of net assets between funds - prior year

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	14,645,397	14,645,397
Current assets	662,083	855,514	180,184	1,697,781
Creditors due within one year	-	(114,757)	-	(114,757)
Provisions for liabilities and charges	-	(9,562,000)	-	(9,562,000)
Rounding	-	(1)	-	(1)
Total	<u>662,083</u>	<u>(8,821,244)</u>	<u>14,825,581</u>	<u>6,666,420</u>

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
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FOR THE YEAR ENDED 31 AUGUST 2021

19. Reconciliation of net expenditure to net cash flow from operating activities

	2021 £	2020 £
Net expenditure for the year (as per Statement of Financial Activities)	(1,009,477)	(716,461)
Adjustments for:		
Depreciation charges	342,870	272,635
Capital grants from DfE and other capital income	(27,461)	(138,217)
Bank interest	(178)	(791)
Defined benefit pension scheme cost less contributions payable	1,027,000	868,000
Defined benefit pension scheme finance cost	159,000	117,000
Decrease/(increase) in debtors	145,330	(81,026)
(Decrease)/increase in creditors	(37,027)	6,960
Loss on disposal of fixed asset	470,535	-
Donated fixed assets	(350,098)	-
Net cash provided by operating activities	720,494	328,100

20. Cash flows from financing activities

	2021 £	2020 £
Cash inflow from new borrowing	10,250	-
Net cash provided by financing activities	10,250	-

21. Cash flows from investing activities

	2021 £	2020 £
Dividends, interest and rents from investments	178	791
Purchase of tangible fixed assets	(592,563)	(75,547)
Capital grants from DfE Group	27,461	138,217
Donated fixed assets	350,098	-
Net cash (used in)/provided by investing activities	(214,826)	63,461

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

22. Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand and at bank	1,954,220	1,438,302
Total cash and cash equivalents	1,954,220	1,438,302

23. Analysis of changes in net debt

	At 1 September 2020 £	Cash flows £	At 31 August 2021 £
Cash at bank and in hand	1,438,302	515,918	1,954,220
Debt due within 1 year	-	(10,250)	(10,250)
	1,438,302	505,668	1,943,970

24. 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 City of Bradford Metropolitan Council & South Yorkshire Pensions Authority. 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 £7,245 were payable to the schemes at 31 August 2021 (2020 - £13,592) and are included within creditors.

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.

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

24. Pension commitments (continued)

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% 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 year amounted to £535,896 (2020 - £514,406).

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.

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 year ended 31 August 2021 was £778,000 (2020 - £709,000), of which employer's contributions totalled £579,000 (2020 - £524,000) and employees' contributions totalled £ 199,000 (2020 - £185,000). The agreed contribution rates for future years are 14.9% and 20.6% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions

West Yorkshire Pension Fund	2021 %	2020 %
Rate of increase in salaries	3.85	3.45
Rate of increase for pensions in payment/inflation	2.6	2.20
Discount rate for scheme liabilities	1.7	1.70
Inflation assumption (CPI)	2.6	2.20

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24. Pension commitments (continued)

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

	2021 Years	2020 Years
Retiring today		
Males	21.9	21.8
Females	24.7	24.6
Retiring in 20 years		
Males	22.6	22.5
Females	25.8	25.7
	<u> </u>	<u> </u>
South Yorkshire Pension Fund		
	2021	2020
	%	%
Rate of increase in salaries	4.05	3.55
Rate of increase for pensions in payment/inflation	2.90	2.40
Discount rate for scheme liabilities	1.70	1.80
Inflation assumption (CPI)	2.80	2.30
	<u> </u>	<u> </u>

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

	2021 Years	2020 Years
Retiring today		
Males	22.5	22.4
Females	25.3	25.2
Retiring in 20 years		
Males	24	23.9
Females	27.2	27.1
	<u> </u>	<u> </u>

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

24. Pension commitments (continued)

Sensitivity analysis

West Yorkshire Pension Fund (change in reported value of defined benefit obligations)	2021	2020
	£000	£000
Discount rate +0.1%	(503)	(411)
Discount rate -0.1%	521	426
Mortality assumption - 1 year increase	(707)	(548)
Mortality assumption - 1 year decrease	707	548
CPI rate +0.1%	428	350
CPI rate -0.1%	(410)	(335)
	<u> </u>	<u> </u>
South Yorkshire Pension Fund (change in reported value of defined benefit obligations)	2021	2020
	£000	£000
Discount rate +0.1%	(83)	(66)
Discount rate -0.1%	85	68
Mortality assumption - 1 year increase	107	77
Mortality assumption - 1 year decrease	(104)	(75)
CPI rate +0.1%	86	68
CPI rate -0.1%	(84)	(66)
	<u> </u>	<u> </u>

INTERACTION AND COMMUNICATION ACADEMY TRUST LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS
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24. Pension commitments (continued)

Share of scheme assets

The Academy Trust's share of the assets in the scheme was:

	2021 £	2020 £
Equities	8,190,000	6,241,000
Government bonds	929,000	860,000
Corporate bonds	508,000	455,000
Property	467,000	399,000
Cash and other liquid assets	220,000	161,000
Other	391,000	272,000
Total market value of assets	<u>10,705,000</u>	<u>8,388,000</u>

The actual return on scheme assets was £1,598,000 (2020 - £(203,000)).

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

	2021 £	2020 £
Current service cost	(1,603,000)	(1,389,000)
Interest income	149,000	157,000
Interest cost	(308,000)	(274,000)
Total amount recognised in the Statement of Financial Activities	<u>(1,762,000)</u>	<u>(1,506,000)</u>

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

	2021 £	2020 £
At 1 September	17,950,000	14,600,000
Current service cost	1,603,000	1,389,000
Interest cost	308,000	274,000
Employee contributions	199,000	185,000
Actuarial losses	2,184,000	1,593,000
Benefits paid	(205,000)	(91,000)
At 31 August	<u>22,039,000</u>	<u>17,950,000</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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24. Pension commitments (continued)

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

	2021 £	2020 £
At 1 September	8,388,000	7,976,000
Interest income	149,000	157,000
Actuarial gains/(losses)	1,599,000	(360,000)
Employer contributions	579,000	524,000
Employee contributions	199,000	185,000
Benefits paid	(205,000)	(91,000)
Administration expenses	(3,000)	(3,000)
At 31 August	<u>10,706,000</u>	<u>8,388,000</u>

25. 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 £	2020 £
Within 1 year	291,548	284,496
Between 1 and 5 years	1,213,029	1,177,836
After more than 5 years	1,694,766	1,927,650
	<u>3,199,343</u>	<u>3,389,982</u>

The Academy Trust has an ongoing financial commitment under an agreement with Kirklees Council for annual service charge payments in relation to the Private Finance Initiative agreement for Castle Hill School. The commitments above include £3,178,160 (2020: £3,356,363) which is payable over the next 10 years.

26. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the year ended 31 August 2021, the Trust received £3,522 (2020: £10,935) and distributed £3,522 (2020: £3,053) from the fund. An amount of £15,551 (2020: £15,551) is carried forward as undistributed funds at year end.

27. Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 12.

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FOR THE YEAR ENDED 31 AUGUST 2021

28. Members' liability

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

29. Teaching school trading account

	2021 £	2021 £	2020 £	2020 £
Income				
Direct income				
Teaching School Council grants	-		15,500	
Pennine Teaching Schools grants	148,090		203,550	
Other income	-		28,509	
	148,090		247,559	
Total direct income				
Total income		148,090		247,559
Expenditure				
Direct expenditure				
Direct staff costs	84,806		96,029	
Educational costs	33,270		15,338	
	118,076		111,367	
Total direct expenditure				
Other expenditure				
IT equipment	507		690	
Other support costs	8,857		3,403	
	9,364		4,093	
Total other expenditure				
Total expenditure		127,440		115,460
		20,650		132,099
Surplus from all sources		200,751		68,652
Teaching school balances at 1 September 2020		221,401		200,751
Teaching school balances at 31 August 2021		221,401		200,751