

**PRIESTLANDS SCHOOL**

**(A Company Limited by Guarantee)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 AUGUST 2019**

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**PRIESTLANDS SCHOOL**

(A company limited by guarantee)

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**PRIESTLANDS SCHOOL**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Members**

Mr Kevin Harriman  
Mr Mark Dichlian (appointed 01 May 2019)  
Mr Pete Main (appointed 01 September 2019)  
Mrs Mary Hill (resigned 31 August 2019)  
Mr Chris Willsher (retired 31 August 2019)

**Trustees / Governors**

Mrs Beth Bray (Community Governor – appointed September 2018)  
Prof Chris Brown (Community Governor – resigned October 2018)  
Mrs Charlotte Cherry (Staff Governor)  
Mr Paul Cox (Community Governor – appointed February 2019)  
Mr Julian Davis (Community Governor)  
Mr Mark Dichlian (Community Governor)  
Mr Kevin Harriman (Parent Governor – Chair of Governors, re-elected June 2019)  
Mr David High (Community Governor – stepped down following end of third term of office May 2019)  
Mrs Mary Hill (Community Governor – resigned August 2019)  
Mrs Jo Hillier (Parent Governor, converted to Community Governor June 2019)  
Mr Pete Main (Headteacher and Accounting Officer)  
Mrs Ruth Owen (Staff Governor)  
Mrs Claire Renshaw (Community Governor – Vice-Chair of Governors, elected January 2019)  
Mrs Kathryn Rudd (Parent Governor)

**Responsible Officer**

Mrs Louise Hill (appointed September 2018)

**Company Secretary**

Mrs Caroline Clitherow

**Senior Management Team**

Mr Chris Willsher Executive Headteacher to 31 December 2017  
Mr Pete Main Headteacher  
Mrs Julia Emmel Deputy Headteacher  
Mr Richard Glenny Deputy Headteacher  
Ms Kerrie McAdam Assistant Headteacher  
Mr Tom Ritchie Assistant Headteacher  
Mrs Hayley Yates Assistant Headteacher  
Mrs Carole Gibbs Director of Finance and Administration

**Company Name**

Priestlands School

**Principal and registered office**

North Street, Pennington, Lymington, Hampshire, SO41 8FZ

**Company registered number**

07695684 (England & Wales)

**Independent Auditor**

MHA MacIntyre Hudson, Abbey Place, 24 - 28 Easton Street, High Wycombe, Buckinghamshire, HP11 1NT

**Bankers**

Lloyds TSB, Lymington (308063) Branch, PO Box 1000, BX1 1LT

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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The trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 16 serving a catchment area in Lymington and Pennington. It has a pupil capacity of 1215 and had a roll of 1247 in the Autumn 2018 school census

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Constitution**

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

The trustees of Priestlands School are also the directors and governors of the charitable company for the purposes of company law. The charitable company is known as Priestlands School.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 2.

### **Members Liability**

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

### **Trustees' Indemnities**

Governors benefit from indemnity insurance to the value of £2,000,000 to cover the liability of the Governors which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust. The cost of this insurance in the year was £201.39.

### **Method of Recruitment and Appointment or Election of Trustees**

In December 2014 the Board of Governors reconstituted and the Articles of Association were amended. Under the new constitution there are thirteen governors consisting of three Parent governors, seven Community governors, two Staff governors and the Headteacher. In addition, the members may appoint up to one governor as long as no more than one third of the total number of individuals appointed as governors are employees of the Academy Trust.

Members of the Academy Trust may appoint up to one governor.

Parent governors are elected by parents of the Academy and must be a parent of a student at the academy at the time when he/she is elected. The election of Parent governors is arranged by the Board of Governors and the clerk and every parent who is entitled to vote is invited to take part in a ballot.

Staff governors are elected by staff at the school and the Board of Governors and clerk are responsible for organising the election.

The Headteacher is an ex officio governor. In January 2018 the senior team was restructured with the former Headteacher becoming Executive Headteacher and a new appointment being made to the role of Headteacher. The new Headteacher became an ex officio governor whilst the Executive Headteacher remained a member of the academy trust until his retirement on 31 August 2019.

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Method of Recruitment and Appointment or Election of Trustees (continued)**

In April 2019 the Board of Governors agreed a new approach to appointing Community Governors (this must be a person who lives or works in the community). Through advertising on the school website, letters to parents or via the local press, the Board wished to create a pool of interested candidates who would be asked to complete an application form which will require two referees. When a vacancy arises, or if an application is received:

- The particular skill set required will be agreed at a Full Board of Governors meeting and communicated clearly to candidates beforehand;
- All CVs of all applicants will be shared with governors in advance;
- Governors have a chance to comment on CVs;
- Candidates will be invited to visit and tour the school individually with the Headteacher and Chair of Governors/Vice-Chair of Governors;
- It will be agreed at the next Full Board meeting which candidates will be invited for selection;
- The Full Board will then select candidates via a secret ballot.

In addition, the Board has agreed to adopt a policy of limiting Community governors' terms of office to no more than three, i.e. twelve years. All re-appointments are subject to a vote by secret ballot and terms of office for all Parent, Staff and Community governors is four years.

**Policies and Procedures Adopted for the Induction and Training of Trustees**

The Board of Governors has an approved Induction & Mentoring policy and an approved policy for Training (and Training Skills Audit). There is a commitment to ensure that all new governors are assigned a mentor and given necessary information and support to fulfil their role with confidence.

**Organisational Structure**

Before conversion to academy status on 1 August 2011 Priestlands School was a local authority maintained school, as defined in the School Standards and Framework Act 1998. The relative autonomy of a maintained school meant that the former Board of Governors was structured to undertake similar roles to those required of the governors of an academy. Consequently, whilst the extra responsibilities of the Board of Governors of the Academy Trust have been recognised, its structure still reflects its very successful predecessor.

Until January 2015, the majority of the roles and responsibilities of the Board of Governors had been delegated to a small number of committees, as defined in the terms of reference. The Board of Governors retained responsibility for certain aspects, again as defined in the terms of reference.

From January 2015, the governing body reconstituted and reduced its membership to thirteen including the Headteacher. The new structure has removed the need for committees, however the responsibility for key areas is managed by portfolio holders. The Board of Governors now meets up to 11 times per year with portfolio holders reporting to the Board on their areas of responsibility. Members of the Senior Leadership Team (SLT), in addition to the Headteacher, attend Board of Governors meetings as appropriate. The Headteacher is also the Accounting Officer. The Governors are responsible for the strategic management of the School; deciding and setting key aspects of the School, including strategic direction, annual budgets, senior staff appointments, policy changes etc. Operational management is the responsibility of the Headteacher and staff. The latter is carried out at a number of levels; i.e. by the Senior Leadership Team, Heads of Department and Heads of Year.

School policies are developed by SLT to reflect both the strategic direction agreed by the Governors and also statutory requirements. These policies are approved and adopted by the Board of Governors, and implemented as procedures and systems by SLT and other designated members of staff.

During the period 1 September 2018 – 31 August 2019, the Board of Governors met ten times and the Premises, Health & Safety Forum three times.

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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

The school considers its key management personnel to be members of the Senior Leadership Team and trustees. The pay and performance targets for the Senior Leadership Team are subject to scrutiny by members of the Pay Committee who make the decision on the outcome of remuneration following review of performance.

They also agree the five point leadership range for Assistant and Deputy Headteachers and agree the grade for the Business Manager using the pay scales adopted by Hampshire County Council. With the exception of the Headteacher, trustees are not remunerated for their time but have agreed an Expenses Policy to enable them to claim out of pocket expenses in order to fulfil their duties. The school has a published pay policy which has been agreed by unions and decisions made at pay committee are in line with the content of the pay policy.

**Trade union facility time**

**Relevant union officials**

|  |   |
|--|---|
| Number of employees who were relevant union officials during the relevant period | 1 |
|--|---|

**Percentage of time spent on facility time**

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

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

|   |            |
|---|------------|
| Total cost of facility time   | £245       |
| Total pay bill  | £5,025,161 |
| Percentage of the total pay bill spent on facility time, calculated as:<br>(total cost of facility time ÷ total pay bill) x 100 | 0.0049%    |

**Paid trade union activities**

Time spent on paid trade union activities such as a percentage of total paid facility time hours calculated as:

|  |      |
|--|------|
| (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100 | 5.28 |
|--|------|

**PRIESTLANDS SCHOOL**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Related parties and other connected charities and organisations.**

Priestlands School is a converter academy which is not part of a federation or multi Academy Trust

| <b>Related Parties Questionnaire - September 2018 - August 2019</b> |   |                     |
|---|---|---------------------|
| <b>Director / Governor/ key management</b>                          | <b>Entities controlled/influenced</b>   | <b>Transactions</b> |
| Chris Brown   | None  | None                |
| Julian Davis  | None  | None                |
| Mark Dichlian   | None  | None                |
| Charlotte Cherry  | None  | None                |
| Julia Emmel (Deputy Headteacher)                                    | None  | None                |
| Carole Gibbs (Business Manager)                                     | None  | None                |
| Richard Glenny (Deputy Headteacher)                                 | None  | None                |
| Kevin Harriman  | SOLWAT (Mechanical Engineer)<br>undertakes plumbing<br>works in other Hampshire Schools | None                |
| David High  | None  | None                |
| Louise Hill   | Youth debit card service used by<br>Priestlands students                                | None                |
| Mary Hill   | None  | None                |
| Jo Hillier  | None  | None                |
| Pete Main (Headteacher)   | None  | None                |
| Kerrie McAdam (Assistant Headteacher)                               | None  | None                |
| Ruth Owen   | None  | None                |
| Claire Renshaw  | None  | None                |
| Tom Ritchie (Assistant Headteacher)                                 | None  | None                |
| Kathryn Rudd  | Enhance – Education Consultant  | None                |
| Juliet Tomlinson  | None  | None                |
| Chris Willsher (Executive Headteacher)                              | None  | None                |
| Hayley Yates (Assistant Headteacher)                                | None  | None                |
|   |   |                     |
| <b>Close family of director/Gov/KM</b>                              | <b>Entities controlled/influenced</b>   | <b>Transactions</b> |
| <u>(note relationship with director /<br/>Trustee/KM)</u>           |   |                     |
| Julian Davis - brother of Kathryn Rudd                              | None  | None                |
| Kathryn Rudd - sister of Julian Davis                               | None  | None                |
|   |   |                     |
| <b>Household of director / Trustee/KM if<br/>not included above</b> | <b>Entities controlled/influenced</b>   | <b>Transactions</b> |
| <u>(note relationship with trustee)</u>                             | -   | -                   |
| Cara Joynson - partner of Tom Ritchie                               | None  | None                |
| Leyla Billsborough - partner of Kerrie<br>McAdam                    |   | None                |

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**OBJECTIVES AND ACTIVITIES**

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 to promote for the benefit of individuals living in Lymington and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

**Objects and Aims**

The School's published vision statement is:

"Our vision is to offer an education of high quality which ensures our young people become creative, enthusiastic, hard-working learners who control their own success and contribute positively to the communities in which they live."

Our motto is: "Learn more... Do more... Be more..."

The School's agreed aims are:

- to be a leading comprehensive school, serving our whole traditional community, without selection;
- to provide equality of opportunity, offering a first class curriculum to all students and academic success for all;
- to provide a challenging curriculum, which provides opportunities for all students to achieve their potential, and which eradicates under-achievement;
- to develop attitudes and skills that will enhance our students' ability to work independently, in order to encourage self-discipline, self-confidence and a sense of responsibility;
- to develop our students spiritually, morally, socially and culturally, treating them as individuals in a climate of mutual respect, so that they may enter adult life equipped to make a full contribution as responsible citizens and family members; and
- through a partnership between students and parents, governors and staff, continuously to improve the quality of all we do

**Objectives, Strategies and Activities**

We have referred to the Charity Commission's guidance on public benefit when reviewing our aims and objectives, and in planning our future activities. In particular the governors consider how planned activities will contribute to the aims and objectives they have set.



**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Objectives, Strategies and Activities (continued)**

The School's aims and objectives, set out in the Strategic Plan, are as follows:

SCHOOL PLAN 2019-20  
SUMMARY OF SPECIFIC OUTCOMES REQUIRED

**Quality of Education**

*Strategic Aim: To ensure every student successfully experiences a broad and balanced curriculum and achieves outcomes better than students of a similar ability nationally.*

Target 1: To ensure assessment procedures are consistent across the school and implemented effectively.

Target 2: To improve the Progress 8 figure for the open bucket, relative to other buckets and to maintain and improve the uptake of Ebacc subjects.

Target 3: To embed Principles of Instruction and principles of Cognitive Load Theory in all schemes of work.

Target 4: To establish a strategy to effectively meet the needs for the increased number of students with an EHCP or SEN support.

Target 5: To establish a strategy for promoting and developing reading with a specific focus on students with low reading ages.

**Behaviour and Attitudes**

*Strategic Aim: To have high expectations of all students regardless of background and establish a consistent application of positive reinforcement.*

Target 1: To redefine and relaunch with all staff the role of the tutor.

Target 2: To revisit and establish the stages for managing student behaviour effectively.

Target 3: To redefine and relaunch how internal isolation and cold zone are run.

**Personal Development**

*Strategic Aim: To establish and implement a character development programme that gives students the personal skills and characteristics to successfully meet the challenges of school and prepare for life beyond Priestlands.*

Target 1: To establish a programme to deliver the 7 habits of a successful Priestlands students.

Target 2: To embed the house system in the Priestlands culture.

Target 3: To refine the personal development programme across all year groups.

**Leadership and Management**

*Strategic Aim: To maintain an environment that enables all staff to successfully perform at a high level with professional development giving an appropriate balance of support and challenge.*

Target 1: To monitor and manage staff workload and wellbeing.

Target 2: To develop bespoke CPD for recently qualified teachers and middle leaders.

Target 3: To complete the review of the appraisal process and implement agreed changes.

**STRATEGIC REPORT**

**Achievements and Performance**

Priestlands is a school and it therefore has the aspirations and objectives which you might expect to see in any such institution. The school has high academic achievement and excellent progress and targets related to this are important objectives every year. 2019 saw the school again achieve excellent GCSE results, with record performances in many subjects despite more exams than ever being sat with several in new specifications. We are proud of all of our students and staff. Nevertheless, Governors and staff will continue to be vigorous in ensuring that any shortfall in performance in any section of the School is addressed and remedied.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**Achievements and Performance (continued)**

Despite changes in grading and accreditation, we expect the school's performance to stand up to scrutiny when compared to other schools nationally and locally. The headline GCSE figures for 2018/19 are as follows:

|   |       |
|---|-------|
| Students achieving 9-7 in English and Maths | 17%   |
| Students achieving 9-5 in English and Maths | 55%   |
| Students achieving 9-4 in English and Maths | 78%   |
| 5 x A*-C, including English & Maths at 9-4  | 75%   |
| English Baccalaureate (9-5)                 | 25%   |
| English Baccalaureate (9-4)                 | 18%   |
| Progress 8 (estimate)                       | 0.329 |
| Achievement 8                               | 5.42  |

Education at Priestlands is about much more than exam results. The school continues to enjoy significant sporting success and its high quality music and drama productions are very well received. The range of extra-curricular activities remains impressive and is highly valued by parents and students.

**Key Financial Performance Indicators**

The school assesses its performance against the approved budget with adjustments agreed by governors throughout the year. It also ensures that the staffing costs are equal to or less than 75% of income received. Staffing Costs - benchmarking for 2018-19 financial year.

|                             | Budget     | Actual     |
|-----------------------------|------------|------------|
| Teachers                    | £3,695,646 | £3,584,066 |
| Agency staff                | £10,000    | £72,962    |
| Education support staff     | £618,949   | £653,829   |
| Premises staff              | £144,295   | £143,190   |
| Admin staff                 | £399,375   | £396,878   |
| Casual staff                | £27,000    | £42,637    |
| Catering Staff              | £131,783   | £131,569   |
| Total approved by Governors | £5,027,048 | £5,025,161 |

Staffing costs represent 73.18% of total income received in 2018-19. The variance for actual spend on staffing budget vs. approved budget was £1,887 which represents 0.037% of the original budget.

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**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.

**FINANCIAL REVIEW**

Key financial policies reviewed during the period include

- Finance
- Risk register
- Gifts and Hospitality
- Governors' Expenses
- Anti-fraud
- Service Level Agreements and Contracts

Most of the Academy's income is obtained from the DfES via the EFSA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2018 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the ESFA. In accordance with the 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)), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

Whilst grants for capital projects are available, bids are made on eligibility criteria and have no guarantee of success, therefore money has to be 'reserved' for major projects.

The academy has taken on the deficit in the Local Government Pension Scheme in respect of its support staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity. The deficit is reviewed annually and reports are prepared by Aon Hewitt

Trustees have appointed a Responsible Officer who conducts internal audits twice yearly during June and December. During the year, the trustees received the reports from the Responsible Officer which contained no matters of significance.

**Reserves Policy**

The School's "free reserves" are its funds after excluding restricted funds. "Free reserves" are therefore the resources the School has or can make available to spend for any or all of the School's purposes once it has met its commitments and covered its other planned expenditure. More specifically "free reserves" represent income to the School which is to be spent at the trustees' discretion in furtherance of any of the School's objects but which is not yet spent, committed or designated. The School's level of restricted reserves at 31 August 2019 was £318,347 and unrestricted reserves £403,785.

Demands on the School's reserves will vary over the coming years. The School's long-term policy is that the appropriate level of reserves should be at least £350,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The deficit on the pension reserve relates to the support staff pension scheme where, unlike the teachers scheme, separate assets are held to fund future liabilities. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. The restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds are for use on the general purposes of the Academy.

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Reserves Policy (continued)**

During 2018-19 the Board of Governors agreed planned capital expenditure which spent the forecasted in-year surplus.

At 31 August 2019 the total funds comprised:

|              |                   |             |
|--------------|-------------------|-------------|
| Unrestricted |                   | 403,785     |
| Restricted:  | Fixed asset funds | 17,624,292  |
|              | Pension reserve   | (2,371,000) |
|              | Other             | 318,347     |
|              |                   | <hr/>       |
|              |                   | 15,975,424  |
|              |                   | <hr/>       |

**Investment Policy**

Apart from the cash held for the operation of the School, Priestlands School has no realisable investments. With respect to its cash holdings the Board of Governors has adopted a low risk strategy with only the main current account in operation. The Board of Governors has approved an Investment Policy in order to be able to invest reserves if appropriate but any future investment is only approved with the School's current banking provider.

**Principal Risks and Uncertainties**

The principal risks facing the School are:

- Reputational and Performance risks are mitigated by regular reviews of our policies and procedures. This is an on-going process which takes account of relevant developments, legislation, guidance and best practice. We have always aspired to the highest standards of conduct and, as a matter of routine, take account of reputational risks to the School.
- Financial Risk – The principal financial risks are a reduction in pupil numbers, introduction of the national funding formula, reduction in central government funding, increase in staffing costs relating to increased employer costs, or unbudgeted major capital repairs. The risks presented here are mitigated by;
  - good control of the current year budget;
  - six monthly internal audits
  - annual external audits
  - use of 5 year forward data to track pupil numbers
  - producing costed site development plans including major capital projects
  - using 3 year budgeting software to highlight potential financial issues
- Risks associated with personnel – mitigated by regular review of the School's staffing structure for both teaching and support staff taking into account known pupil numbers in future years.

**FUNDRAISING**

Our approach to fundraising remains simple. The Priestlands Association organises several fund-raising activities (such as quizzes and other social events). The Priestlands Association also organises a monthly lottery and a scheme aimed at supporting capital projects. The school does not employ any professional fundraisers. The Priestlands Association is registered with all necessary bodies, has appropriate insurance and complies with all legislative requirements. The Headteacher monitors fundraising carried out on the school's behalf and attends many of the activities. We have received no complaints about our fundraising. Our fundraising approaches are aimed at parents as a whole, or at parents of particular year groups, not targeted at individuals.

From time to time, the school itself applies for grants from various organisations or government agencies and occasionally receives unsolicited gifts from individuals or organisations.

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**PLANS FOR FUTURE PERIODS**

Key objectives for the school are included within the School Development Plan 2016-19 and focus on Student Outcomes, Quality of Teaching, Student Personal Development and Leadership and Management.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The Academy Trust is not acting as custodian trustee on behalf of any other organisation.

**AUDITOR**

In so far as the trustees are aware:

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

The auditors, MHA MacIntyre Hudson, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, 13 November 2019 and signed on the board's behalf by:

**Kevin Harriman**  
Chair of Governors

**Peter Main**  
Accounting Officer/Headteacher

**GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**SCOPE OF RESPONSIBILITY**

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher 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 Priestlands School 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 Governors has formally met ten times during the year. Attendance during the year at meetings of the Board of Governors was as follows:

Attendance during the year at meetings of the board of trustees was as follows:

| <b>Trustee</b>             | <b>Meetings attended</b>        | <b>Out of a possible</b> |
|----------------------------|---------------------------------|--------------------------|
| Mrs Beth Bray              | 9                               | 10                       |
| Prof Chris Brown           | 0 (resigned Oct 2018)           | 1                        |
| Mr Paul Cox                | 4 (appt'd Mar 2019)             | 5                        |
| Mr Julian Davis            | 9                               | 10                       |
| Mr Mark Dichlian           | 9                               | 10                       |
| Mrs Charlotte Cherry       | 6 (on maternity leave from May) | 7                        |
| Mr Kevin Harriman          | 10                              | 10                       |
| David High                 | 6 (retired May 2019)            | 10                       |
| Mrs Mary Hill              | 8                               | 10                       |
| Mrs Jo Hillier             | 10                              | 10                       |
| Mr Pete Main (Headteacher) | 10                              | 10                       |
| Mrs Ruth Owen              | 10                              | 10                       |
| Mrs Claire Renshaw         | 10                              | 10                       |
| Mrs Kathryn Rudd           | 8                               | 10                       |

- This was another busy year for the Board who spent a substantial amount of time discussing the school's budget including the increased employer costs relating to pensions and pay awards for teaching staff. Governors also analysed proposals for capital investment to further develop the school site. The school was over-subscribed, so Governors debated at length how to accommodate as many first preference applications as possible which has led to the school taking pupils over published admission numbers. Governors scrutinised the work of the Headteacher during the transition period whilst working alongside the Executive Headteacher to ensure continuity of provision.
- Governors met the above challenges with their customary thoroughness and diligence. All issues were discussed at length and alternative outcomes explored. Governors undertook their responsibilities seriously and the final decisions were, therefore, well-judged and well-received.
- There have been some changes in the profile of the governing board with some long standing members stepping down and new governors being recruited. The governor skillsets and portfolios have been reviewed to ensure they are best matched to the roles that need fulfilling. Governors have given generously of their time to attend training events to ensure skill gaps are covered and they are well informed to offer challenge and support.

**GOVERNANCE STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**GOVERNANCE (continued)**

The current structure of the Board of Governors means that at least nine meetings take place during the year and all work historically conducted at committee level now takes place at the full Board of Governors. The work of the committees has been split into portfolios with key skills being matched to portfolio holders. The portfolio holder for Finance is a qualified accountant who works closely with the Business Manager to ensure the financial health of the school. The reconstituted model ensures that all governors participate fully in all aspects of their responsibilities.

The trustees will continue to review the reconstituted Board of Governors and make any changes required.

In order to continue to challenge the Board's effectiveness, all trustees completed a skills audit designed by the National Governors Association and three potential skills gaps were identified: links with business, SEN expertise and knowledge of current educational policy. As a result, trustees now receive monthly Data information which contains a focus section which enables them to challenge, support and revisit the information on a regular basis; a working group has been set up to explore ways in which the school can generate income through local businesses; and a current trustee has become solely responsible for SEN

The Board is divided into 11 Portfolios – Chair of Governors, Finance, Data, Teaching & Learning, SEN, Safeguarding & Welfare (including Behaviour and Student Welfare), Premises and Health & Safety, Human Resources, Careers & Enterprise, Training Liaison and Responsible Officer/Audit – and the leaders and deputies of these portfolios regularly visit the school and report back to the Board. In addition, policies are considered and ratified on an annual or three year cycle and Health & Safety site tours with trustees, members of staff and students take place at least six times a year.

During the year, the Business Manager and portfolio holder for Finance have presented management reports, finance & business written reports, cash flow statements and balance sheets to governors at five (out of ten) Board meetings. In addition, site development plans have been discussed and a record of all policies relating to finance kept up to date following ratification by governors. The portfolio holder for Finance or the deputy portfolio for Finance have attended all the meetings.

The Risk Register falls under the remit of the Responsible Officer who produces a written report to the Board of Governors annually.

The Board of Governors have appointed MHA Macintyre Hudson to complete external audits. In addition, the governors have assigned a governor to a portfolio which has responsibility for carrying out six monthly internal audits and report findings to the Board of Governors. As the RO is an ex-governor, the Finance Governor will attend internal audit in June and December annually and report the findings to the Board of Governors.

At the suggestion of the Auditors, the internal audit focuses on conducting checks on identified areas of the Academy Trust's financial systems following an agreed timetable. At the end of each six monthly check, the audit report is shared with the external auditors, and the portfolio holder reports to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors financial responsibilities.

The internal audit function has been fully delivered in line with Academies Financial Handbook and no material control issues were found to exist within the period.

**GOVERNANCE STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**REVIEW OF VALUE FOR MONEY**

The Accounting Officer has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcome achieved in return for the taxpayer resources received.

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

- consistent scrutiny of the financial position resulting in a surplus budget despite increased financial pressure due to increased employer costs
- the school achieved another set of excellent GCSE results
- the school sought three quotes for high value site development improvements such as the extension of a classroom and subsequent conversion to a Science Laboratory and the refurbishment of the Library and subsequent conversion to a study centre.
- review of staffing resulting in financial savings
- Bringing payroll in house making savings on the use of external provider

**THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at Priestlands School for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements

**CAPACITY TO HANDLE RISK**

The board of trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

**THE RISK AND CONTROL FRAMEWORK**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees;
- regular reviews by the Board of Governors which consider financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.



**GOVERNANCE STATEMENT (continued)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**THE RISK AND CONTROL FRAMEWORK (continued)**

The board of trustees has considered the need for a specific internal audit function and has decided:

- to assign a trustee to oversee the work of the internal audit and to meet with the Responsible Officer conducting the internal audit
- to conduct six monthly internal audits following an agreed programme
- to produce a report on the findings
- to share the findings with the Board of Governors and external auditors

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/bank reconciliations
- testing of inventory systems
- testing of procurement/contracts

**REVIEW OF EFFECTIVENESS**

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

- the work of the internal audit;
- the work of the external auditor;
- review of the risk register;
- annual approval of the Finance Policy with purchasing guidelines
- the work of the Business Manager and Finance Team within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

Internal audit is carried out by a professional business director who is an ex-governor and who carried out these checks during their time as a trustee. The Board of Governors asked for them to retain this important responsibility to ensure continuity and consistency. From 2019-20 the Finance governor will also take part in internal audits to provide further reassurance to the Board of Governors.

The accounting officer has been advised of the implications of the result of the review of the system of internal control through the work of the Board of Governors. Plans to improve processes were implemented to ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 13 November 2019 and signed on its behalf by:

**Kevin Harriman**  
Trustee

**Peter Main**  
Accounting Officer

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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As accounting officer of Priestlands School 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 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 2018.

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 2018.

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.

**Peter Main**  
Accounting officer

13 November 2019

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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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 & 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 2015 and the Academies Accounts Direction 2018 to 2019;
- 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 13 November 2019 and signed on its behalf by:

**Kevin Harriman**  
Chair of Governours

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
PRIESTLANDS SCHOOL**

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**Opinion**

We have audited the financial statements of Priestlands School (the 'Academy Trust') for the year ended 31 August 2019 which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, 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 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & 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 2019 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 and the Academies Accounts Direction 2018 to 2019 issued by the Education & 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**

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

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

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
PRIESTLANDS SCHOOL (CONTINUED)**

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**Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Other information includes the Reference and Administrative Details, the Trustees' Report including the Strategic Report and the Directors' Report, the Governance Statement, the Statement on Regularity, Propriety and Compliance and the Trustees' Responsibilities Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**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 (incorporating the Strategic Report and the Directors Report) for the financial year for which the financial statements are prepared is consistent with the financial statements and
- the Strategic Report and the Directors Report has 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.

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.

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
PRIESTLANDS SCHOOL (CONTINUED)**

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**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.

**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.

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

**Use of our report**

This report is made solely to the Academy Trust's members and Trustees, 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.

BIANCA SILVA BA ACA DChA (Senior Statutory Auditor)

for and on behalf of  
**MHA MacIntyre Hudson**  
Chartered Accountants  
Statutory Auditors

Abbey Place  
24-28 Easton Street  
High Wycombe  
Buckinghamshire  
HP11 1NT

Date: 19 December 2019

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO  
PRIESTLANDS SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Priestlands School during the year 1 September 2018 to 31 August 2019 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 Priestlands School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Priestlands School 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 Priestlands School and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Priestlands School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Priestlands School's funding agreement with the Secretary of State for Education dated 1 August 2011 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. 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 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO  
PRIESTLANDS SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

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**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- reviewing the minutes of the meetings of the Governing Body and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the Academy, with reference to the income streams and other information available to us as auditors of the Academy;
- testing a sample of payroll payments to staff;
- testing a sample of payments to suppliers and other third parties;
- consideration of governance issues;
- evaluating the internal control procedures and reporting lines, and testing as appropriate; and
- making appropriate enquires of the Accounting Officer.

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

Abbey Place  
24-28 Easton Street  
High Wycombe  
Buckinghamshire  
HP11 1NT

Date: 19 December 2019



**PRIESTLANDS SCHOOL**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2019**

|   | Note | Unrestricted<br>funds<br>2019<br>£ | Restricted<br>funds<br>2019<br>£ | Restricted<br>fixed asset<br>fund<br>2019<br>£ | Total<br>funds<br>2019<br>£ | Total<br>funds<br>2018<br>£ |
|---|------|------------------------------------|----------------------------------|--|-----------------------------|-----------------------------|
| <b>Income from:</b>                     |      |                                    |                                  |  |                             |                             |
| Donations and capital grants            | 3    | -                                  | 1,865                            | 114,379  | 116,244                     | 55,629                      |
| Charitable activities                   | 4    | -                                  | 6,725,703                        | -  | 6,725,703                   | 6,262,022                   |
| Other trading activities                | 5    | 113,883                            | 32,213                           | -  | 146,096                     | 172,324                     |
| Investments                             | 6    | 631                                | -                                | -  | 631                         | 1,983                       |
| <b>Total income</b>                     |      | <b>114,514</b>                     | <b>6,759,781</b>                 | <b>114,379</b>                                 | <b>6,988,674</b>            | <b>6,491,958</b>            |
| <b>Expenditure on:</b>                  |      |                                    |                                  |  |                             |                             |
| Charitable activities                   |      | 97,454                             | 6,767,691                        | 401,125  | 7,266,270                   | 6,876,185                   |
| <b>Total expenditure</b>                | 7    | <b>97,454</b>                      | <b>6,767,691</b>                 | <b>401,125</b>                                 | <b>7,266,270</b>            | <b>6,876,185</b>            |
| <b>Net income/(expenditure)</b>         |      | <b>17,060</b>                      | <b>(7,910)</b>                   | <b>(286,746)</b>                               | <b>(277,596)</b>            | <b>(384,227)</b>            |
| Transfers between funds                 | 17   | (105,242)                          | (53,137)                         | 158,379  | -                           | -                           |
| <b>Other recognised gains/(losses):</b> |      |                                    |                                  |  |                             |                             |
| Actuarial losses on pension schemes     | 22   | -                                  | (774,000)                        | -  | (774,000)                   | 433,000                     |
| <b>Net movement in funds</b>            |      | <b>(88,182)</b>                    | <b>(835,047)</b>                 | <b>(128,367)</b>                               | <b>(1,051,596)</b>          | <b>48,773</b>               |
| <b>Reconciliation of funds:</b>         |      |                                    |                                  |  |                             |                             |
| Total funds brought forward             |      | 491,967                            | (1,217,606)                      | 17,752,659                                     | 17,027,020                  | 16,978,247                  |
| Net movement in funds                   |      | (88,182)                           | (835,047)                        | (128,367)                                      | (1,051,596)                 | 48,773                      |
| <b>Total funds carried forward</b>      |      | <b>403,785</b>                     | <b>(2,052,653)</b>               | <b>17,624,292</b>                              | <b>15,975,424</b>           | <b>17,027,020</b>           |

The Statement of Financial Activities includes all gains and losses recognised in the year.  
The notes on pages 26 to 51 form part of these financial statements.

**BALANCE SHEET**  
**AS AT 31 AUGUST 2019**

|  | Note | 2019<br>£          | 2019<br>£          | 2018<br>£        | 2018<br>£         |
|--|------|--------------------|--------------------|------------------|-------------------|
| <b>Fixed assets</b>                            |      |                    |                    |                  |                   |
| Tangible assets                                | 14   |                    | <b>17,624,292</b>  |                  | 17,752,659        |
|  |      |                    | <u>17,624,292</u>  |                  | <u>17,752,659</u> |
| <b>Current assets</b>                          |      |                    |                    |                  |                   |
| Debtors  | 15   | <b>255,319</b>     |                    | 185,044          |                   |
| Cash at bank and in hand                       |      | <b>1,074,177</b>   |                    | 859,688          |                   |
|  |      | <u>1,329,496</u>   |                    | <u>1,044,732</u> |                   |
| Creditors: amounts falling due within one year | 16   | <b>(607,364)</b>   |                    | (440,371)        |                   |
|  |      |                    | <u>722,132</u>     |                  | <u>604,361</u>    |
| <b>Net current assets</b>                      |      |                    |                    |                  |                   |
|  |      |                    | <u>18,346,424</u>  |                  | <u>18,357,020</u> |
| <b>Total assets less current liabilities</b>   |      |                    |                    |                  |                   |
| Defined benefit pension scheme liability       | 22   |                    | <b>(2,371,000)</b> |                  | (1,330,000)       |
|  |      |                    | <u>15,975,424</u>  |                  | <u>17,027,020</u> |
| <b>Total net assets</b>                        |      |                    |                    |                  |                   |
| <b>Funds of the Academy Trust</b>              |      |                    |                    |                  |                   |
| <b>Restricted funds:</b>                       |      |                    |                    |                  |                   |
| Fixed asset funds                              | 17   | <b>17,624,292</b>  |                    | 17,752,659       |                   |
| Restricted income funds                        | 17   | <b>318,347</b>     |                    | 112,394          |                   |
| Pension reserve                                | 17   | <b>(2,371,000)</b> |                    | (1,330,000)      |                   |
|  |      |                    | <u>15,571,639</u>  |                  | <u>16,535,053</u> |
| <b>Total restricted funds</b>                  |      |                    |                    |                  |                   |
| <b>Unrestricted income funds</b>               | 17   |                    | <b>403,785</b>     |                  | 491,967           |
|  |      |                    | <u>15,975,424</u>  |                  | <u>17,027,020</u> |
| <b>Total funds</b>                             |      |                    |                    |                  |                   |

The financial statements on pages 23 to 51 were approved by the Trustees, and authorised for issue on 13 November 2019 and are signed on their behalf, by:

**Mr Kevin Harriman**  
(Chair of Trustees)

The notes on pages 26 to 51 form part of these financial statements.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

|   | <b>Note</b> | <b>2019</b><br><b>£</b> | <b>2018</b><br><b>£</b> |
|---|-------------|-------------------------|-------------------------|
| <b>Cash flows from operating activities</b>             |             |                         |                         |
| Net cash provided by operating activities               | 19          | <b>372,237</b>          | 221,961                 |
| <b>Cash flows from investing activities</b>             | 20          | <b>(157,748)</b>        | (404,446)               |
| <b>Change in cash and cash equivalents in the year</b>  |             | <b>214,489</b>          | (182,485)               |
| Cash and cash equivalents at the beginning of the year  |             | <b>859,688</b>          | 1,042,173               |
| <b>Cash and cash equivalents at the end of the year</b> | 21          | <b>1,074,177</b>        | 859,688                 |

The notes on pages 26 to 51 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**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 historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

**1.2 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.

Investment income, gains and losses are allocated to the appropriate fund.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies (continued)**

**1.3 Income**

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

• **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the 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 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 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.

**1.4 Expenditure**

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

• **Charitable activities**

Expenditure on charitable activities 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies (continued)**

**1.5 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.

**1.6 Tangible fixed assets**

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

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

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

Depreciation is provided on the following bases:

|                              |  |
|------------------------------|--|
| Long-term leasehold property | - 2% per annum on cost of buildings only |
| Equipment                    | - 20% per annum on cost                  |
| Computer equipment           | - 33% per annum on cost                  |
| Motor vehicles               | - 20% per annum on cost                  |

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

**1.7 Operating leases**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies (continued)**

**1.8 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.

**1.9 Debtors**

Trade and other debtors are recognised at the settlement amount. Prepayments are recognised at the amount prepaid.

**1.10 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.

**1.11 Liabilities and provisions**

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

Provisions are recognised when the Academy Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies (continued)**

**1.12 Pensions**

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

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

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

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

**1.13 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.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**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 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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

*Critical areas of judgement:*

The judgements that have had a significant effect on amounts recognised in the financial statements are those concerning the choice of depreciation policies and asset lives.

**3. Income from donations and capital grants**

|                | <b>Unrestricted<br/>funds<br/>2019<br/>£</b> | <b>Restricted<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2019<br/>£</b> | Total<br>funds<br>2018<br>£ |
|----------------|--|--|---------------------------------------|-----------------------------|
| Donations      | -  | 32,615                                     | <b>32,615</b>                         | 31,953                      |
| Capital Grants | -  | 83,629                                     | <b>83,629</b>                         | 23,676                      |
|                | -  | 116,244                                    | <b>116,244</b>                        | 55,629                      |
| Total 2018     | 1,953  | 53,676                                     | 55,629                                |                             |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**4. Income from other trading activities**

|               | <b>Unrestricted<br/>funds<br/>2019<br/>£</b> | <b>Restricted<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2018<br/>£</b> |
|---------------|--|--|---------------------------------------|---------------------------------------|
| Rental income | 5,199  | -  | <b>5,199</b>                          | 5,929                                 |
| School fund   | 17,323                                       | -  | <b>17,323</b>                         | 10,809                                |
| School clubs  | -  | 28,203                                     | <b>28,203</b>                         | 29,345                                |
| Catering      | 1,500  | -  | <b>1,500</b>                          | 1,631                                 |
| Other income  | 89,861                                       | 4,010                                      | <b>93,871</b>                         | 124,610                               |
|               | <u>113,883</u>                               | <u>32,213</u>                              | <u><b>146,096</b></u>                 | <u>172,324</u>                        |
| Total 2018    | <u>122,119</u>                               | <u>50,205</u>                              | <u>172,324</u>                        |                                       |

**5. Investment income**

|                   | <b>Unrestricted<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2018<br/>£</b> |
|-------------------|--|---------------------------------------|---------------------------------------|
| Investment income | 631  | <b>631</b>                            | 1,983                                 |

All investment income was classed as unrestricted in 2018.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**6. Funding for the Academy Trust's educational operations**

|                                | <b>Restricted<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2018<br/>£</b> |
|--------------------------------|--|---------------------------------------|---------------------------------------|
| <b>DfE/ESFA grants</b>         |  |                                       |                                       |
| General Annual Grants (GAG)    | 5,754,401                                  | <b>5,754,401</b>                      | 5,375,466                             |
| Pupil premium                  | 220,930                                    | <b>220,930</b>                        | 216,763                               |
| Other DfE/ESFA grants          | 111,985                                    | <b>111,985</b>                        | 45,277                                |
|                                | <hr/> 6,087,316                            | <hr/> <b>6,087,316</b>                | <hr/> 5,637,506                       |
| <b>Other Government Grants</b> |  |                                       |                                       |
| Local authority income         | 8,988                                      | <b>8,988</b>                          | 8,350                                 |
| SEN income                     | 45,868                                     | <b>45,868</b>                         | 28,718                                |
|                                | <hr/> 54,856                               | <hr/> <b>54,856</b>                   | <hr/> 37,068                          |
| <b>Other Funding</b>           |  |                                       |                                       |
| Trip income                    | 311,153                                    | <b>311,153</b>                        | 341,033                               |
| Catering income                | 272,378                                    | <b>272,378</b>                        | 246,415                               |
|                                | <hr/> 583,531                              | <hr/> <b>583,531</b>                  | <hr/> 587,448                         |
|                                | <hr/> <hr/> 6,725,703                      | <hr/> <hr/> <b>6,725,703</b>          | <hr/> <hr/> 6,262,022                 |

All funding for the Academy Trust's educational operations was classed as restricted in 2018.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**7. Expenditure**

|                         | <b>Staff Costs<br/>2019<br/>£</b> | <b>Premises<br/>2019<br/>£</b> | <b>Other<br/>2019<br/>£</b> | <b>Total<br/>2019<br/>£</b> | <b>Total<br/>2018<br/>£</b> |
|-------------------------|-----------------------------------|--------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Educational operations: |                                   |                                |                             |                             |                             |
| Direct costs            | 4,310,885                         | 325,433                        | 775,508                     | <b>5,411,826</b>            | 5,166,757                   |
| Allocated support costs | 1,013,008                         | 404,169                        | 437,267                     | <b>1,854,444</b>            | 1,709,428                   |
|                         | <u>5,323,893</u>                  | <u>729,602</u>                 | <u>1,212,775</u>            | <u><b>7,266,270</b></u>     | <u>6,876,185</u>            |
| Total 2018              | <u>4,823,063</u>                  | <u>782,581</u>                 | <u>1,270,541</u>            | <u>6,876,185</u>            |                             |

In 2019, of the total expenditure of £7,266,270 (2018: £6,876,185) £97,454 (2018: £26,070) was to unrestricted funds, £6,767,691 (2018: £6,475,778) was to restricted funds and £401,125 (2018: £374,337) was to restricted fixed asset funds.

**8. Analysis of specific expenses**

Included within expenditure are the following transactions:

|                         | <b>Total<br/>£</b> | <b>Individual items above £5,000<br/>Amount<br/>£</b> | <b>Reason</b> |
|-------------------------|--------------------|---|---------------|
| Gifts made by the trust | 833                | -   |               |

**9. Analysis of expenditure by activities**

|                        | <b>Activities<br/>undertaken<br/>directly<br/>2019<br/>£</b> | <b>Support<br/>costs<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2018<br/>£</b> |
|------------------------|--|---|---------------------------------------|---------------------------------------|
| Educational operations | <u>5,411,826</u>   | <u>1,854,444</u>                        | <u><b>7,266,270</b></u>               | <u>6,876,185</u>                      |
| Total 2018             | <u>5,166,757</u>   | <u>1,709,428</u>                        | <u>6,876,185</u>                      |                                       |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**9. Analysis of expenditure by activities (continued)**

**Analysis of direct costs**

|  | <b>Educational<br/>operations<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2018<br/>£</b> |
|--|--|---------------------------------------|---------------------------------------|
| Teaching and educational support staff costs | 4,310,885  | <b>4,310,885</b>                      | 4,104,279                             |
| Depreciation                                 | 401,125  | <b>401,125</b>                        | 374,337                               |
| Other staff costs                            | 21,925   | <b>21,925</b>                         | 7,963                                 |
| Educational consultancy                      | 29,865   | <b>29,865</b>                         | 29,217                                |
| Technology costs                             | 32,153   | <b>32,153</b>                         | 40,468                                |
| Educational supplies                         | 169,472  | <b>169,472</b>                        | 143,913                               |
| Examination fees                             | 94,780   | <b>94,780</b>                         | 84,567                                |
| School trip expenditure                      | 320,566  | <b>320,566</b>                        | 345,426                               |
| Other direct costs                           | 31,055   | <b>31,055</b>                         | 36,587                                |
|  | <u>5,411,826</u>                                 | <u><b>5,411,826</b></u>               | <u>5,166,757</u>                      |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**9. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

|                                       | <b>Educational<br/>operations<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2018<br/>£</b> |
|---------------------------------------|--|---------------------------------------|---------------------------------------|
| Pension finance costs                 | 34,000   | <b>34,000</b>                         | 39,000                                |
| Support staff costs                   | 1,013,008  | <b>1,013,008</b>                      | 718,784                               |
| Other staff costs                     | 23,345   | <b>23,345</b>                         | 21,428                                |
| Catering supplies                     | 174,315  | <b>174,315</b>                        | 282,957                               |
| Maintenance of premises and equipment | 88,293   | <b>88,293</b>                         | 114,306                               |
| Cleaning                              | 126,613  | <b>126,613</b>                        | 123,160                               |
| Energy                                | 83,660   | <b>83,660</b>                         | 62,837                                |
| Security costs                        | 5,018  | <b>5,018</b>                          | 33,341                                |
| Technology costs                      | 61,004   | <b>61,004</b>                         | 53,471                                |
| Rates                                 | 29,358   | <b>29,358</b>                         | 28,497                                |
| Administrative supplies               | 63,192   | <b>63,192</b>                         | 60,909                                |
| Legal and professional                | 85,354   | <b>85,354</b>                         | 101,341                               |
| Non staff related costs               | 32,405   | <b>32,405</b>                         | 36,409                                |
| Other support costs                   | 11,947   | <b>11,947</b>                         | 13,977                                |
| Bank charges                          | 3,791  | <b>3,791</b>                          | 2,579                                 |
| Governance costs                      | 19,141   | <b>19,141</b>                         | 16,432                                |
|                                       | <u>1,854,444</u>                                 | <u><b>1,854,444</b></u>               | <u>1,709,428</u>                      |

**10. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

|   | <b>2019<br/>£</b>     | <b>2018<br/>£</b> |
|---|-----------------------|-------------------|
| Operating lease rentals                                     | <b>6,384</b>          | 6,210             |
| Depreciation of tangible fixed assets: owned by the charity | <b>401,125</b>        | 374,337           |
| Fees paid to auditors for:                                  |                       |                   |
| - audit   | <b>9,000</b>          | 8,750             |
| - other services  | <b>10,141</b>         | 7,273             |
|   | <u><b>425,650</b></u> | <u>466,570</u>    |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**11. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

|                           | 2019<br>£        | 2018<br>£        |
|---------------------------|------------------|------------------|
| Wages and salaries        | 3,983,228        | 3,759,945        |
| Social security costs     | 368,183          | 345,932          |
| Pension costs             | 899,070          | 709,657          |
|                           | <u>5,250,481</u> | <u>4,815,534</u> |
| Agency staff costs        | 72,412           | 7,529            |
| Staff restructuring costs | 1,000            | -                |
|                           | <u>5,323,893</u> | <u>4,823,063</u> |

Staff restructuring costs comprise:

|                    | 2019<br>£    | 2018<br>£ |
|--------------------|--------------|-----------|
| Severance payments | 1,000        | -         |
|                    | <u>1,000</u> | <u>-</u>  |

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

Included within staff restructuring costs is one non-statutory/non-contractual severance payment totalling £1,000 (2018: Nil).

**c. Staff numbers**

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

|                            | 2019<br>No. | 2018<br>No. |
|----------------------------|-------------|-------------|
| Teachers                   | 79          | 79          |
| Administration and support | 76          | 72          |
| Management                 | 7           | 10          |
|                            | <u>162</u>  | <u>161</u>  |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**11. Staff costs (continued)**

**d. Higher paid staff**

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

|                               | <b>2019</b> | 2018 |
|-------------------------------|-------------|------|
|                               | <b>No.</b>  | No.  |
| In the band £60,001 - £70,000 | <b>4</b>    | 4    |
| In the band £70,001 - £80,000 | <b>1</b>    | -    |

**e. Key management personnel**

The key management personnel of the Academy Trust comprises the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £712,679 (2018: £696,382)

**12. Related party transactions - 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 principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Trustees' remuneration and other benefits was as follows:

|   |                            | <b>2019</b>            | 2018            |
|---|----------------------------|------------------------|-----------------|
|   |                            | <b>£</b>               | £               |
| Mr Peter Main, Headteacher and Accounting Officer | Remuneration               | <b>70,000 - 75,000</b> | 45,000 - 50,000 |
|   | Pension contributions paid | <b>5,000 - 10,000</b>  | 5,000 - 10,000  |
| Mrs Charlotte Cherry, Staff Governor              | Remuneration               | <b>25,000 - 30,000</b> | 35,000 - 40,000 |
|   | Pension contributions paid | <b>0 - 5,000</b>       | 5,000 - 10,000  |
| Mrs Ruth Owen, Staff Governor                     | Remuneration               | <b>40,000 - 45,000</b> | 40,000 - 45,000 |
|   | Pension contributions paid | <b>0 - 5,000</b>       | 0 - 5,000       |

Remuneration disclosures for trustees who resigned prior to 1 September 2018 are not reflected in the table above.

During the year ended 31 August 2019, expenses totalling £NIL were reimbursed or paid directly to Trustee (2018 - £609 to 5 Trustees).

**13. Trustees' and Officers' insurance**

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2019 was £247 (2018 - £599). The cost of this insurance is included in the total insurance cost.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**14. Tangible fixed assets**

|                          | Long<br>leasehold<br>property<br>£ | Equipment<br>£        | Computer<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£               |
|--------------------------|------------------------------------|-----------------------|----------------------------|------------------------|--------------------------|
| <b>Cost or valuation</b> |                                    |                       |                            |                        |                          |
| At 1 September 2018      | 19,539,427                         | 287,372               | 181,308                    | 40,665                 | 20,048,772               |
| Additions                | 177,254                            | 80,644                | 14,860                     | -                      | 272,758                  |
| At 31 August 2019        | <u>19,716,681</u>                  | <u>368,016</u>        | <u>196,168</u>             | <u>40,665</u>          | <u>20,321,530</u>        |
| <b>Depreciation</b>      |                                    |                       |                            |                        |                          |
| At 1 September 2018      | 2,011,929                          | 122,709               | 155,670                    | 5,805                  | 2,296,113                |
| Charge for the year      | 325,433                            | 52,598                | 15,621                     | 7,473                  | 401,125                  |
| At 31 August 2019        | <u>2,337,362</u>                   | <u>175,307</u>        | <u>171,291</u>             | <u>13,278</u>          | <u>2,697,238</u>         |
| <b>Net book value</b>    |                                    |                       |                            |                        |                          |
| At 31 August 2019        | <u><u>17,379,319</u></u>           | <u><u>192,709</u></u> | <u><u>24,877</u></u>       | <u><u>27,387</u></u>   | <u><u>17,624,292</u></u> |
| At 31 August 2018        | <u><u>17,527,498</u></u>           | <u><u>164,663</u></u> | <u><u>25,638</u></u>       | <u><u>34,860</u></u>   | <u><u>17,752,659</u></u> |

Included in long leasehold property is long leasehold land at valuation of £3,053,266 (2018: £3,053,266) which is not depreciated.

**15. Debtors**

|                                | 2019<br>£             | 2018<br>£             |
|--------------------------------|-----------------------|-----------------------|
| <b>Due within one year</b>     |                       |                       |
| Trade debtors                  | 365                   | -                     |
| Other debtors                  | 233                   | 289                   |
| Prepayments and accrued income | 194,467               | 155,147               |
| VAT recoverable                | 60,254                | 29,608                |
|                                | <u><u>255,319</u></u> | <u><u>185,044</u></u> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**16. Creditors: Amounts falling due within one year**

|  | <b>2019</b>      | 2018      |
|--|------------------|-----------|
|  | £                | £         |
| Trade creditors                        | <b>178,096</b>   | 68,125    |
| Other taxation and social security     | <b>88,852</b>    | 88,653    |
| Other creditors                        | <b>87,348</b>    | 95,921    |
| Accruals and deferred income           | <b>253,068</b>   | 187,672   |
|  | <b>607,364</b>   | 440,371   |
|  | <b>2019</b>      | 2018      |
|  | £                | £         |
| Deferred income at 1 September 2018    | <b>170,669</b>   | 239,169   |
| Resources deferred during the year     | <b>175,477</b>   | 170,669   |
| Amounts released from previous periods | <b>(170,669)</b> | (239,169) |
|  | <b>175,477</b>   | 170,669   |

Deferred income of £175,477 relates to school trips and music fee income occurring after 31 August 2019, and rates grant relating to the period to 31 March 2020.

**PRIESTLANDS SCHOOL**  
**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**17. Statement of funds**

|   | Balance at 1<br>September<br>2018<br>£ | Income<br>£      | Expenditure<br>£   | Transfers<br>in/out<br>£ | Gains/<br>(Losses)<br>£ | Balance at<br>31 August<br>2019<br>£ |
|---|--|------------------|--------------------|--------------------------|-------------------------|--------------------------------------|
| <b>Unrestricted funds</b>               |  |                  |                    |                          |                         |                                      |
| General Funds - all funds               | 491,967                                | 114,514          | (97,454)           | (105,242)                | -                       | 403,785                              |
| <b>Restricted general funds</b>         |  |                  |                    |                          |                         |                                      |
| General Annual Grant (GAG)              | 6,908                                  | 5,754,401        | (5,503,572)        | 52,349                   | -                       | 310,086                              |
| Pupil premium                           | -                                      | 220,930          | (214,154)          | -                        | -                       | 6,776                                |
| Other DfE/ESFA grants                   | -                                      | 111,985          | (111,985)          | -                        | -                       | -                                    |
| Catering                                | -                                      | 272,378          | (272,378)          | -                        | -                       | -                                    |
| Trips                                   | -                                      | 311,153          | (311,153)          | -                        | -                       | -                                    |
| Assets transferred from local authority | 105,486                                | -                | -                  | (105,486)                | -                       | -                                    |
| Local authority grants                  | -                                      | 54,856           | (54,856)           | -                        | -                       | -                                    |
| Other restricted funds                  | -                                      | 34,078           | (32,593)           | -                        | -                       | 1,485                                |
| Pension reserve                         | (1,330,000)                            | -                | (267,000)          | -                        | (774,000)               | (2,371,000)                          |
|   | <u>(1,217,606)</u>                     | <u>6,759,781</u> | <u>(6,767,691)</u> | <u>(53,137)</u>          | <u>(774,000)</u>        | <u>(2,052,653)</u>                   |
| <b>Restricted fixed asset funds</b>     |  |                  |                    |                          |                         |                                      |
| DfE/ESFA capital grants                 | -                                      | 83,629           | -                  | (83,629)                 | -                       | -                                    |
| Fixed asset fund                        | 17,752,659                             | -                | (401,125)          | 272,758                  | -                       | 17,624,292                           |
| Other capital income                    | -                                      | 30,750           | -                  | (30,750)                 | -                       | -                                    |
|   | <u>17,752,659</u>                      | <u>114,379</u>   | <u>(401,125)</u>   | <u>158,379</u>           | <u>-</u>                | <u>17,624,292</u>                    |
| <b>Total Restricted funds</b>           | <u>16,535,053</u>                      | <u>6,874,160</u> | <u>(7,168,816)</u> | <u>105,242</u>           | <u>(774,000)</u>        | <u>15,571,639</u>                    |
| <b>Total funds</b>                      | <u>17,027,020</u>                      | <u>6,988,674</u> | <u>(7,266,270)</u> | <u>-</u>                 | <u>(774,000)</u>        | <u>15,975,424</u>                    |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**17. Statement of funds (continued)**

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

All general funds are held for the purposes of education in line with the Academy's objectives.

The General Annual Grant (GAG) represents the core funding for the educational activities of the school that has been provided to the Academy via the Education & Skills Funding Agency and the Department for Education. The GAG fund has been set up because the GAG must be used for the normal running costs of the Academy.

The other DfE/ESFA restricted fund represents other funding received from the government which does not form part of GAG but is received in relation to specific purposes.

The local authority restricted fund represents other funding received from the local authority in relation to specific purposes such as SEN funding.

Other restricted funds include donations and miscellaneous educational income which must be used for the purposes agreed.

The pension reserve has been created to separately identify the pension deficit inherited from the local authority upon conversion to Academy status, and through which all the pension scheme movements are recognised.

The fixed asset fund has been set up to recognise the tangible assets gifted to the Academy upon conversion which represent the school site including the leasehold land and buildings and capital grants. Depreciation charged on those inherited assets is allocated to the fund as well as fixed asset additions and disposals.

The capital grants fund has been created to recognise the restricted grant funding received from all sources towards capital expenditure. Transfers are made to the capital grants fixed asset fund for expenditure incurred that is in respect of tangible fixed assets.

Transfers between unrestricted funds and restricted fixed asset funds represent capital additions funded by restricted reserves.

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 2019.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**17. Statement of funds (continued)**

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

|   | Balance at<br>1 September<br>2017<br>£ | Income<br>£             | Expenditure<br>£          | Transfers<br>in/out<br>£ | Gains/<br>(Losses)<br>£ | Balance at<br>31 August<br>2018<br>£ |
|---|--|-------------------------|---------------------------|--------------------------|-------------------------|--------------------------------------|
| <b>Unrestricted funds</b>               |  |                         |                           |                          |                         |                                      |
| General Funds - all funds               | 497,224                                | 126,055                 | (26,070)                  | (105,242)                | -                       | 491,967                              |
| <b>Restricted general funds</b>         |  |                         |                           |                          |                         |                                      |
| General Annual Grant (GAG)              | 37,459                                 | 5,375,466               | (5,365,082)               | (40,935)                 | -                       | 6,908                                |
| Pupil premium                           | -                                      | 216,763                 | (216,763)                 | -                        | -                       | -                                    |
| Other DfE/ESFA grants                   | -                                      | 45,277                  | (45,277)                  | -                        | -                       | -                                    |
| Catering                                | -                                      | 246,415                 | (282,957)                 | 36,542                   | -                       | -                                    |
| Trips                                   | -                                      | 341,033                 | (345,426)                 | 4,393                    | -                       | -                                    |
| Assets transferred from local authority | 105,486                                | -                       | -                         | -                        | -                       | 105,486                              |
| Local authority grants                  | -                                      | 37,068                  | (37,068)                  | -                        | -                       | -                                    |
| Other restricted funds                  | -                                      | 50,205                  | (50,205)                  | -                        | -                       | -                                    |
| Pension reserve                         | (1,630,000)                            | -                       | (133,000)                 | -                        | 433,000                 | (1,330,000)                          |
|   | <u>(1,487,055)</u>                     | <u>6,312,227</u>        | <u>(6,475,778)</u>        | <u>-</u>                 | <u>433,000</u>          | <u>(1,217,606)</u>                   |
| <b>Restricted fixed asset funds</b>     |  |                         |                           |                          |                         |                                      |
| DfE/ESFA capital grants                 | 301,187                                | 53,676                  | -                         | (354,863)                | -                       | -                                    |
| Fixed asset fund                        | 17,666,891                             | -                       | (374,337)                 | 460,105                  | -                       | 17,752,659                           |
|   | <u>17,968,078</u>                      | <u>53,676</u>           | <u>(374,337)</u>          | <u>105,242</u>           | <u>-</u>                | <u>17,752,659</u>                    |
| <b>Total Restricted funds</b>           | <u>16,481,023</u>                      | <u>6,365,903</u>        | <u>(6,850,115)</u>        | <u>105,242</u>           | <u>433,000</u>          | <u>16,535,053</u>                    |
| <b>Total funds</b>                      | <u><u>16,978,247</u></u>               | <u><u>6,491,958</u></u> | <u><u>(6,876,185)</u></u> | <u><u>-</u></u>          | <u><u>433,000</u></u>   | <u><u>17,027,020</u></u>             |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**18. Analysis of net assets between funds**

**Current year**

|  | <b>Unrestricted<br/>funds<br/>2019<br/>£</b> | <b>Restricted<br/>funds<br/>2019<br/>£</b> | <b>Restricted<br/>fixed asset<br/>funds<br/>2019<br/>£</b> | <b>Total<br/>funds<br/>2019<br/>£</b> |
|--|--|--|--|---------------------------------------|
| Tangible fixed assets                  | -  | -  | 17,624,292   | <b>17,624,292</b>                     |
| Current assets                         | 403,785                                      | 866,520                                    | 59,191   | <b>1,329,496</b>                      |
| Creditors due within one year          | -  | (548,173)                                  | (59,191)   | <b>(607,364)</b>                      |
| Provisions for liabilities and charges | -  | (2,371,000)                                | -  | <b>(2,371,000)</b>                    |
| <b>Total</b>                           | <b>403,785</b>                               | <b>(2,052,653)</b>                         | <b>17,624,292</b>  | <b>15,975,424</b>                     |

**Prior year**

|  | <b>Unrestricted<br/>funds<br/>2018<br/>£</b> | <b>Restricted<br/>funds<br/>2018<br/>£</b> | <b>Restricted<br/>fixed asset<br/>funds<br/>2018<br/>£</b> | <b>Total<br/>funds<br/>2018<br/>£</b> |
|--|--|--|--|---------------------------------------|
| Tangible fixed assets                  | -  | -  | 17,752,659   | 17,752,659                            |
| Current assets                         | 491,967                                      | 552,765                                    | -  | 1,044,732                             |
| Creditors due within one year          | -  | (440,371)                                  | -  | (440,371)                             |
| Provisions for liabilities and charges | -  | (1,330,000)                                | -  | (1,330,000)                           |
| <b>Total</b>                           | <b>491,967</b>                               | <b>(1,217,606)</b>                         | <b>17,752,659</b>  | <b>17,027,020</b>                     |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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

|   | 2019<br>£        | 2018<br>£ |
|---|------------------|-----------|
| Net expenditure for the year (as per Statement of Financial Activities) | <b>(277,596)</b> | (384,227) |
| <b>Adjustments for:</b>   |                  |           |
| Depreciation  | <b>401,125</b>   | 374,337   |
| Capital grants from DfE and other capital income                        | <b>(114,379)</b> | (53,676)  |
| Interest receivable   | <b>(631)</b>     | (1,983)   |
| Defined benefit pension scheme finance cost                             | <b>267,000</b>   | 133,000   |
| (Increase)/decrease in debtors  | <b>(70,275)</b>  | 446,065   |
| Increase/(decrease) in creditors  | <b>166,993</b>   | (291,555) |
| <b>Net cash provided by operating activities</b>                        | <b>372,237</b>   | 221,961   |

**20. Cash flows from investing activities**

|   | 2019<br>£        | 2018<br>£ |
|---|------------------|-----------|
| Purchase of tangible fixed assets                 | <b>(272,758)</b> | (460,105) |
| Capital grants from DfE Group                     | <b>83,629</b>    | 23,676    |
| Capital funding received from sponsors and others | <b>30,750</b>    | 30,000    |
| Investment income                                 | <b>631</b>       | 1,983     |
| <b>Net cash used in investing activities</b>      | <b>(157,748)</b> | (404,446) |

**21. Analysis of cash and cash equivalents**

|  | 2019<br>£        | 2018<br>£ |
|--|------------------|-----------|
| Cash in hand                           | <b>1,074,177</b> | 859,688   |
| <b>Total cash and cash equivalents</b> | <b>1,074,177</b> | 859,688   |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**22. Pension commitments**

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Hampshire County Council. 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 2016.

Contributions amounting to £83,387 were payable to the schemes at 31 August 2019 (2018 - £79,045) and are included within creditors.

**Teachers' Pension Scheme**

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers Pension budgeting and valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**22. Pension commitments (continued)**

Valuation of Teachers Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to TPS in the year amounted to £437,195 (2018 - £426,746).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £292,000 (2018 - £235,000), of which employer's contributions totalled £229,000 (2018 - £182,000) and employees' contributions totalled £ 63,000 (2018 - £53,000). The agreed contribution rates for future years are 24.3 per cent for employers and between 5.5 per cent and 12.5 per cent 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**22. Pension commitments (continued)**

**Principal actuarial assumptions**

|  | <b>2019</b> | 2018 |
|--|-------------|------|
|  | %           | %    |
| Rate of increase in salaries                       | <b>3.60</b> | 3.50 |
| Rate of increase for pensions in payment/inflation | <b>2.10</b> | 2.00 |
| Discount rate for scheme liabilities               | <b>1.90</b> | 2.80 |
| Inflation assumption (CPI)                         | <b>2.10</b> | 2.00 |
| Rate of increase in deferred pensions              | <b>3.10</b> | 3.10 |

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

|                             | <b>2019</b> | 2018  |
|-----------------------------|-------------|-------|
|                             | Years       | Years |
| <i>Retiring today</i>       |             |       |
| Males                       | <b>23.1</b> | 24.1  |
| Females                     | <b>25.8</b> | 27.2  |
| <i>Retiring in 20 years</i> |             |       |
| Males                       | <b>24.7</b> | 26.2  |
| Females                     | <b>27.6</b> | 29.4  |

**Sensitivity analysis**

|  | <b>2019</b>  | 2018  |
|--|--------------|-------|
|  | £000         | £000  |
| Discount rate +0.1%                    | <b>6,112</b> | 4,634 |
| Discount rate -0.1%                    | <b>6,391</b> | 4,845 |
| Mortality assumption - 1 year increase | <b>6,461</b> | 4,871 |
| Mortality assumption - 1 year decrease | <b>6,041</b> | 4,605 |
| CPI rate +0.1%                         | <b>6,347</b> | 4,811 |
| CPI rate -0.1%                         | <b>6,155</b> | 4,666 |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**22. Pension commitments (continued)**

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

|                                     | <b>At 31<br/>August 2019</b> | At 31 August<br>2018 |
|-------------------------------------|------------------------------|----------------------|
|                                     | £                            | £                    |
| Equities                            | 2,335,000                    | 2,178,000            |
| Gilts                               | 799,000                      | 780,000              |
| Corporate bonds                     | -                            | 42,000               |
| Property                            | 279,000                      | 235,000              |
| Cash and other liquid assets        | 74,000                       | 78,000               |
| Other                               | 392,000                      | 95,000               |
| <b>Total market value of assets</b> | <b>3,879,000</b>             | <b>3,408,000</b>     |

The actual return on scheme assets was £210,000 (2018 - £224,000).

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

|   | <b>2019</b>      | 2018             |
|---|------------------|------------------|
|   | £                | £                |
| Current service cost  | (312,000)        | (276,000)        |
| Past service cost   | (150,000)        | -                |
| Interest cost   | (34,000)         | (39,000)         |
| <b>Total amount recognised in the Statement of Financial Activities</b> | <b>(496,000)</b> | <b>(315,000)</b> |

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

|   | <b>2019</b>      | 2018             |
|---|------------------|------------------|
|   | £                | £                |
| <b>Opening defined benefit obligation</b> | <b>4,738,000</b> | 4,607,000        |
| Past service cost                         | 150,000          | -                |
| Current service cost                      | 312,000          | 276,000          |
| Interest cost                             | 133,000          | 116,000          |
| Employee contributions                    | 63,000           | 53,000           |
| Actuarial losses/(gains)                  | 885,000          | (286,000)        |
| Benefits paid                             | (31,000)         | (28,000)         |
| <b>Closing defined benefit obligation</b> | <b>6,250,000</b> | <b>4,738,000</b> |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**22. Pension commitments (continued)**

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

|  | <b>2019</b>      | 2018      |
|--|------------------|-----------|
|  | £                | £         |
| <b>Opening fair value scheme assets</b>  | <b>3,408,000</b> | 2,977,000 |
| Actuarial gains  | <b>111,000</b>   | 147,000   |
| Employer contributions   | <b>229,000</b>   | 182,000   |
| Employee contributions   | <b>63,000</b>    | 53,000    |
| Benefits paid  | <b>(31,000)</b>  | (28,000)  |
| Return on plan assets(excluding net interest on the net defined pension liability) | <b>99,000</b>    | 77,000    |
| <b>Closing fair value scheme assets</b>  | <b>3,879,000</b> | 3,408,000 |

|  | <b>2019</b>      | 2018    |
|--|------------------|---------|
|  | £                | £       |
| <b>The amount shown in the Statement of Financial activities is:</b> |                  |         |
| Changes in financial assumptions                                     | <b>(885,000)</b> | 286,000 |
| Return on assets excluding amounts included in net interest          | <b>111,000</b>   | 147,000 |
| <b>Actuarial gains/(losses) on defined benefit pension schemes</b>   | <b>(774,000)</b> | 433,000 |

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

**22. Pension Commitments (continued)**

|  | <b>2019</b>               | 2018               |
|--|---------------------------|--------------------|
|  | £                         | £                  |
| <b>The amount shown in the Balance Sheet is:</b> |                           |                    |
| Present value of defined benefit obligation      | <b>(6,250,000)</b>        | (4,738,000)        |
| Fair value of scheme assets                      | <b>3,879,000</b>          | 3,408,000          |
| <b>Defined benefit pension scheme liability</b>  | <b><u>(2,371,000)</u></b> | <u>(1,330,000)</u> |

**23. Operating lease commitments**

At 31 August 2019 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

|                       | <b>2019</b>          | 2018          |
|-----------------------|----------------------|---------------|
|                       | £                    | £             |
| Not later than 1 year | <b>7,185</b>         | 6,210         |
| Between 2 and 5 years | <b>5,322</b>         | 9,204         |
|                       | <b><u>12,507</u></b> | <u>15,414</u> |

**24. Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/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.

**25. Related party transactions**

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

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