

Report of the Governors and
Financial Statements for the Year Ended 31 August 2019
for

Stretton Sugwas Church of England
Academy

Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

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Stretton Sugwas Church of England
Academy

Reference and Administrative Details
for the Year Ended 31 August 2019

MEMBERS

Revd P A Littlewood (resigned 11.3.19)
Revd P Brown (appointed 18.9.18)
D A Davies
S R Williams
R G Griffiths

GOVERNORS

S R Williams (Chairman)
R G Griffiths (Vice Chair)
D A Davies (Head Teacher)
A Campbell
J Dawkins
C McDougal
B Ford (Teacher)
L Sharp
Revd P Brown (appointed 18.9.18)
M Groves (appointed 22.1.19)
T Rafferty (appointed 22.1.19)

SENIOR MANAGEMENT TEAM

D A Davies	Headteacher
R Lovell	Director of Finance and Administration
B Ford	Deputy Headteacher

ACCOUNTING OFFICER

D A Davies (Headteacher)

COMPANY NAME

Stretton Sugwas Church of England Academy

REGISTERED OFFICE

Stretton Sugwas
Hereford
HR4 7AE

REGISTERED COMPANY NUMBER

07718539 (England and Wales)

SENIOR STATUTORY AUDITOR

Mr Kevin M Tong FCCA, ACA

AUDITORS

Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Stretton Sugwas Church of England
Academy

Reference and Administrative Details
for the Year Ended 31 August 2019

SOLICITORS

Coodes Solicitors
Elizabeth House
Castle Street
Truro
Cornwall
TR1 3AP

BANKERS

Lloyds Bank
6-8 High Town
Hereford
Herefordshire
HR1 2AE

The governors who are also directors of the academy for the purposes of the Companies Act 2006, present their report with the financial statements of the academy for the year ended 31 August 2019. The governors have adopted the provisions of 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) (effective 1 January 2015) and the Academies Accounts Direction issued by the Education and Skills Funding Agency.

OBJECTIVES AND ACTIVITIES

Objects and aims

We value our C of E status and aim to provide all pupils with a broad and balanced curriculum, with a strong Social Moral Spiritual Ethos, and a particular emphasis on a creative curriculum which the Academy conversion has given us the scope to provide. We are proud of the high standards of education that we provide our children and the outstanding quality of our talented and committed teaching staff. We aspire to build on these sound foundations, to become an exceptional school that enjoys an outstanding reputation within the local community.

Objectives, Strategies and Activities

The Governors of the school have been responsible for recruiting a number of talented new members of staff to enhance our already exceptional team and to give us the further capacity to develop or highly innovative and creative curriculum. We are currently working closely with our IT provider to develop state of the art IT provision which will greatly enhance our children's education. All of which has been possible due to our Academy Status. To continue to grow and develop the school the Governors have built and opened a new Pre-School setting, named 'The New-Bees'. This will allow the school to consolidate and stabilise numbers for the future, but also allow children a more focussed and accelerated start to their learning in the Reception class, as they will have improved transition and be more familiar with the school and setting.

Public benefit

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives. All our charitable activities are undertaken to further our charitable purposes for the public benefit.

STRATEGIC REPORT

Achievement and performance

Key financial performance indicators

The attainment for KS1 has continued to be strong and inline or above National in the majority of areas. This is also the case for KS2, as all standards are above National. The progress across all subject areas from KS1 to KS2 has increased from last year's results. The children in KS1 progress from the Early Years Foundation Stage at a very good rate and achieve well. Also for the EYFS the number of children achieving a 'Good level of Development' is above National figures. Above all the quality of our provision and the effective school ethos mean that our children enjoy their education at Stretton Sugwas Church of England Academy.

Financial review

Principal funding sources

The majority of the Academy's income is obtained from the DfE 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 2019 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 DfE in accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the useful life of the assets concerned as defined in the Academy's accounting policies.

During the year ended 31 August 2019, total expenditure of £505,951 (2018: £475,285) was covered by recurrent grant funding from the DfES together with other incoming resources. The net resources expended before transfers and revaluations for the year was £24,355 net expenditure (2018: £14,477 net income).

At 31 August 2019, the net book value of fixed assets was £1,117,983 (2018: £1,144,914) and movements in tangible fixed assets are shown in the fixed assets note in the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

STRATEGIC REPORT

Financial review

Investment policy

The school will invest any surplus funds on deposit to ensure it maximises its return.

Reserves policy

The governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Academy's current level of reserves (total funds less the amount held in fixed assets and restricted funds) is £40,248 (2018: £9,459), all of which is free reserves. The level of general restricted reserves is £85,998 (2018: £54,122).

Going concern

After making appropriate enquiries, the Governing Body 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.

Fundraising

No significant fundraising activities carried out during the year.

Principal risks and uncertainties

The Governors consider that the principal risks and uncertainties facing the Academy are:

- Meeting requisite standards of education for students in core subjects
- Complying with legislative requirements regarding employment law, data protection, discrimination, Companies House and HMRC, child protection, the Charity Commission and the National Curriculum.
- Financial risk - not operating within its budget and running a deficit, changes in funding, inappropriate or insufficient financial controls and systems, fraudulent activity and/or financial commitments made without adequate authorisation.
- Operational risks resulting from inexperienced or inappropriate staff being employed and inaccurate, out of date or inappropriate information.

The key controls used by the Academy include:

- Detailed terms of reference for all committees
- Formal agendas for the Academy board and committees
- Schemes of delegation and formal financial regulations
- Formal written policies
- Clear authorisation and approval levels
- Policies and procedures required by law to protect the vulnerable

Financial and risk management objectives and policies

The School has agreed a Risk Management strategy, a Risk register and a risk management plan. These have been discussed by governors and include the financial risks to the school. The register and plan are constantly reviewed in light of any new information and formally reviewed annually.

Future plans

Our popularity has continued to rise, and even after increasing our PAN to 20, we were still over subscribed by around 50% for September 2019. The school is now at capacity of 140 where this figure remains stable. The build of the pre-school has helped keep these number high. Investigations are looking at the further expansion of the school which will be discussed over future Governor meetings.

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 Company was Incorporated on the 26th July 2011 and converted from a Local Authority School to an Academy Trust on the 1st April 2012.

The governors act as the trustees for the charitable activities of Stretton Sugwas Church Of England Academy and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Stretton Sugwas Church Of England Academy.

Details of the governors who served throughout the year except as noted are included in the Reference and Administrative Details at the start of this report.

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.

Governors' Indemnities

Governors benefit from indemnity insurance purchased at the Academy Trust's expense 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, provided that any such insurance shall not extend to any claim arising from any act or omission which the governors knew to be a breach of trust or breach of duty or which was committed by the governors in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the governors in their capacity as directors of the Academy Trust.

The liability insurance is provided by Arthur J Gallagher.

Principal activities

This is defined in the Articles of Association.

Method of Recruitment and Appointment or Election of Governors

This is defined in the Articles of Association:

The number of Governors shall not be less than three nor more than 11 except for appointments of any Additional Governors made by the Secretary of State.

The members may appoint up to 2 Governors.

The members may appoint Staff Governors through such process as they may determine, provided that the total number of Governors (including the Headteacher) who are employees of the Academy Trust does not exceed one third of the total number of Governors.

One Foundation Governors shall be The Principal Officiating Minister for the time being in the Parish of Stretton Sugwas, to be treated as an ex officio Foundation Governor. Additional Foundation Governors may be appointed by the Hereford Diocesan Board of Education after consultation with Stretton Sugwas Parochial Church Council provided that the total number of Foundation Governors (including ex officio Foundation Governors) would not thereby exceed 25% of the total number of Governors.

The Headteacher shall be treated for all purposes as being an ex officio governor.

Parent Governors shall be elected by parents of registered pupils at the School. A Parent Governor must be a parent of a pupil at the School at the time when he is elected. Any election of Parent Governors which is contested shall be held by secret ballot.

Report of the Governors
for the Year Ended 31 August 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational structure

The Academy has a leadership structure which consists of the governors and The Senior Leadership Team and Curriculum Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels. The Headteacher is the Accounting Officer.

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

The Senior Management Team are the Headteacher, and the Finance Director. These leaders direct the Academy at an executive level implementing the policies laid down by the governors and reporting back to them. The Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Senior Management Team always contain a governor. Some spending control is devolved to members of the Senior Management Team, with limits above which the Principal must countersign.

Policies and Procedures adopted for the induction and training of Governors

The Academy has a Governor Recruitment and Induction policy.

The training and induction provided for new governors includes a tour of the Academy and a chance to meet staff and pupils. The Governor Support Team at the Local Authority provides external training including financial matters. They provide regular updates on practice, legislation and guidance. All governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as governors.

Key management remuneration

The academy runs a rigorous system of performance management and appraisal which is linked to performance-related pay progression.

Connected Organisations, including Related Party Relationships

Stretton Sugwas Church of England Academy has a connection with the Diocese of Hereford.

From 1 September 2018 D A Davies became Executive Headteacher for Burghill Community Academy and Stretton Sugwas C Of E Academy provide a financial SLA for the academy.

AUDITORS

Insofar as the governors are aware:

- there is no relevant audit information of which the Charitable Company's Auditor is unaware; and
- the governors 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.

Report of the Governors, incorporating a strategic report, was approved by order of the board of governors, as the company directors, on12/11/19..... and signed on its behalf by:

..........
S R Williams - Chairman

Stretton Sugwas Church of England
Academy

Governance Statement
for the Year Ended 31 August 2019

Scope of Responsibility

As governors, we acknowledge we have overall responsibility for ensuring that Stretton Sugwas Church of England Academy 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 of loss.

The board of the governors has delegated the day-to-day responsibility to the Principal, 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 Stretton Sugwas Church of England Academy and the Secretary of State for Education. They are also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Report of the Governors and in the Statement of Governors Responsibilities. The board of governors has formally met 5 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governor	Meetings Attended	Out of a Possible
S R Williams (Chairman)	5	5
R G Griffiths (Vice Chair)	5	5
D A Davies (Head Teacher)	5	5
Revd P Brown	4	5
A Campbell	4	5
L Sharp	5	5
J Dawkins	3	5
C McDougal	4	5
B Ford (Teacher)	3	5
M Groves	1	3
T Rafferty	1	3

Governance Review

The Academy reviews the skills set of the Governors to ensure a board range of knowledge/expertise is represented.

The Finance and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to monitor and oversee the financial procedures of the Academy. Attendance at meetings in the year was as follows:

Governor	Meetings Attended	Out of a Possible
R G Griffiths	4	4
B Ford	4	4
A Campbell	4	4

Review of Value for Money

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

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

- Using the schools revenue budget and seeking financial assistance through charities and trusts, we raised enough funds to build our own pre-school setting which opened on 3rd September 2018. This has allowed us to extend our age range from 4-11 year olds to now 2-11 year olds. Educational outcomes from those attending the setting have improved, due to the EYFS Manager overseeing the running and transition of pupils into the Academy.
- Our broad and balanced curriculum ensures all pupils have the opportunity to raise their individual

Governance Statement
for the Year Ended 31 August 2019

Review of Value for Money

levels of attainment.

- We regularly review the staffing structure to ensure staff are efficiently deployed and are appropriately qualified and experienced specialists and enthusiasts.
- We bring in additional staff to target key curriculum areas, such as providing expert tuition in languages and team teaching of the PE curriculum with a sports specialist. We also provide targeted support for students as appropriate, such as individual and small group intervention with teaching assistants, along with 1:1 tuition with a teacher.
- We focus on the differing needs of every individual pupil. This is reflected in the outcomes for Service Children and FSM pupils.
- We have good tracking systems to record all aspects of student data including progress through school and to ensure that interventions and support are targeted to achieve Value for Money.
- We have produced excellent outcomes for our FSM students ensuring the school continues to close the gap those identified. Pupil Premium monies have been allocated to optimal effect, as illustrated by the detailed breakdown on the School website.

Financial Performance

- Financial governance and oversight is strong, with appropriate members on the Governors Finance Sub- committee. Regular visits are made by the Responsible Officer to audit and ensure all financial processes are followed.
- Financial records are checked regularly and reconciled monthly to ensure value for money
- Spending proposals are costed and presented to Senior Leaders I Governors and then challenged appropriately.
- Regular budget updates are provided, which enables both short and long term budget decisions to be made appropriately.
- The Business Manager and Headteacher have been influential in driving down costs through better procurement and negotiation throughout 2018/19.
- All contracts are reviewed on an annual basis to ensure they are still fit for purpose and best value for our school.
- School identifies where any areas are significantly over or under spent and are thoroughly investigated and assurances provided that the spend is appropriate to our school.
- The school Tendering policy ensures that tenders/quotes are obtained as appropriate to ensure Value for Money with all major projects. A minimum of 3 quotes are obtained before spending for any major projects.
- Cash flow forecasts are used to identify and invest surplus cash balances to maximise bank interest receivable.

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 policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Stretton Sugwas Church of England Academy 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 governors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy'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 governors.

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

Governance Statement
for the Year Ended 31 August 2019

The Risk and Control Framework

reports which are reviewed and agreed by the Governing Body.

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

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed Mr Alastair Campbell, as Internal Reviewer ('IR'). The IR's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. On a quarterly basis, the IR reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

Review of Effectiveness

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

- the work of the Internal Reviewer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and General Purposes Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on12/11/19..... and signed on its behalf by:

.....*S R Williams*.....
S R Williams - Chairman

.....*AJD*.....
Alex Davies - Accounting Officer

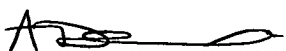
Stretton Sugwas Church of England
Academy

Statement on Regularity, Propriety and Compliance
for the Year Ended 31 August 2019

As accounting officer of Stretton Sugwas Church of England Academy I have considered my responsibility to notify the academy board of governors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, under the funding agreement in place between the academy 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 board of governors are able to identify any material irregular or improper use of all funds by the academy, or material non-compliance with the terms and conditions of funding under the academy'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 governors and ESFA.

.....

Alex Davies - Accounting Officer

Date: 12/11/19

Stretton Sugwas Church of England
Academy

Statement of Governors Responsibilities
for the Year Ended 31 August 2019

The governors (who act as trustees of Stretton Sugwas Church of England Academy and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Report of the Governors and the financial statements in accordance with the Academies Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law the governors 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 academy and of the incoming resources and application of resources, including the income and expenditure, of the academy for that period. In preparing those financial statements, the governors are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

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

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

In so far as the governors are aware:

- there is no relevant audit information of which the academy's auditors are unaware; and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The governors are responsible for the maintenance and integrity of the corporate and financial information included on the academy'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 on12/11/19..... and signed on its behalf by:

.....*S R Williams*.....
S R Williams - Chairman

Report of the Independent Auditors to the Members of
Stretton Sugwas Church of England
Academy

Opinion

We have audited the financial statements of Stretton Sugwas Church of England Academy (the 'academy') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency (ESFA).

In our opinion the financial statements:

- give a true and fair view of the state of the academy'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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the academy'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.

Other information

The governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other 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 Report of the Governors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Governors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Governors.

Report of the Independent Auditors to the Members of
Stretton Sugwas Church of England
Academy

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the governors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Governors.

Responsibilities of governors

As explained more fully in the Statement of Governors Responsibilities, the governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors 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 governors are responsible for assessing the academy'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 governors either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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. This description forms part of our Report of the Independent Auditors.

Use of our report

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy'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 and the academy's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mr Kevin M Tong FCCA, ACA (Senior Statutory Auditor)
for and on behalf of Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Date:12/11/19.....

Note:

The maintenance and integrity of the Stretton Sugwas Church of England Academy website is the responsibility of the trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Independent Reporting Accountant's Assurance Report on Regularity to
Stretton Sugwas Church of England
Academy and the Education and Skills Funding Agency

In accordance with the terms of our engagement and further to the requirements of the Education and 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 Stretton Sugwas Church of England Academy during the period 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 Stretton Sugwas Church of England Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Stretton Sugwas Church of England Academy and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Stretton Sugwas Church of England Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Stretton Sugwas Church of England Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Stretton Sugwas Church of England Academy's funding agreement with the Secretary of State for Education 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 period 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.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by the 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's income and expenditure.

The work undertaken to draw our conclusions includes:

- detailed testing of a sample of items of income and expenditure to ensure appropriately applied for the purposes intended
- specific testing, on a sample basis, of system controls relevant to the above
- a general review of correspondence with the appropriate authorities regarding Academy governance matters during the year
- a general review and discussion of the Academy's internal procedures for establishing and maintaining systems of control and documentation regarding these matters

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

Without qualifying our opinion, we would like to refer to the related and connected party transactions highlighted in note 22 in the attached accounts.

Independent Reporting Accountant's Assurance Report on Regularity to
Stretton Sugwas Church of England
Academy and the Education and Skills Funding Agency

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 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.

We would like to draw your attention to the fact that as at the date of signing the accounts the academy are still awaiting formal approval from the Secretary of State for the establishment of the pre-school.



Thorne Widgey Accountancy Ltd
Chartered Accountants
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Date:12/11/19.....

Stretton Sugwas Church of England
Academy

Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the Year Ended 31 August 2019

					31.8.19	31.8.18
	Notes	Unrestricted Fund £	Restricted Fixed Asset Fund £	Restricted General Fund £	Total funds £	Total funds £
INCOME AND ENDOWMENTS FROM						
Donations and capital grants	2	-	18,054	30,195	48,249	104,699
Charitable activities						
Funding for the academy's educational operations	3	-	-	748,731	748,731	642,387
Other trading activities	4	59,013	-	31,240	90,253	21,016
Investment income	5	67	-	-	67	430
Total		59,080	18,054	810,166	887,300	768,532
EXPENDITURE ON						
Charitable activities						
Academy's educational operations		28,380	55,986	827,287	911,653	754,055
NET INCOME/(EXPENDITURE)		30,700	(37,932)	(17,121)	(24,353)	14,477
Transfers between funds	18	-	11,003	(11,003)	-	-
Other recognised gains/(losses)						
Actuarial gains/losses on defined benefit schemes		-	-	(138,000)	(138,000)	49,000
Net movement in funds		30,700	(26,929)	(166,124)	(162,353)	63,477
RECONCILIATION OF FUNDS						
Total funds brought forward		9,549	1,144,913	(173,879)	980,583	917,106
TOTAL FUNDS CARRIED FORWARD		40,249	1,117,984	(340,003)	818,230	980,583

The notes form part of these financial statements

Balance Sheet
At 31 August 2019

	Notes	31.8.19 £	31.8.18 £
FIXED ASSETS			
Tangible assets	12	1,117,983	1,144,914
CURRENT ASSETS			
Debtors	13	46,625	30,535
Cash at bank and in hand		147,474	107,275
		<u>194,099</u>	<u>137,810</u>
CREDITORS			
Amounts falling due within one year	14	(67,852)	(74,141)
NET CURRENT ASSETS		<u>126,247</u>	<u>63,669</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,244,230	1,208,583
PENSION LIABILITY	19	(426,000)	(228,000)
NET ASSETS		<u>818,230</u>	<u>980,583</u>
FUNDS	18		
Unrestricted funds		40,249	9,549
Restricted funds		777,981	971,034
TOTAL FUNDS		<u>818,230</u>	<u>980,583</u>

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Governors on^{12/11/19} and were signed on its behalf by:

.....*S R Williams*.....
S R Williams -Chairman

Stretton Sugwas Church of England
Academy

Cash Flow Statement
for the Year Ended 31 August 2019

	Notes	31.8.19 £	31.8.18 £
Cash flows from operating activities:			
Cash generated from operations	1	38,376	58,541
Net cash provided by (used in) operating activities		<u>38,376</u>	<u>58,541</u>
Cash flows from investing activities:			
Purchase of tangible fixed assets		(16,297)	(204,315)
Capital grants from DfE/ESFA		18,053	53,126
Interest received		67	430
Net cash provided by (used in) investing activities		<u>1,823</u>	<u>(150,759)</u>
Change in cash and cash equivalents in the reporting period		<u>40,199</u>	<u>(92,218)</u>
Cash and cash equivalents at the beginning of the reporting period		<u>107,275</u>	<u>199,493</u>
Cash and cash equivalents at the end of the reporting period		<u><u>147,474</u></u>	<u><u>107,275</u></u>

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 August 2019

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.8.19	31.8.18
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(24,353)	14,477
Adjustments for:		
Depreciation	43,228	39,589
Capital grants from DfE/ESFA	(18,053)	(53,126)
Interest received	(67)	(430)
(Increase)/decrease in debtors	(16,090)	155
(Decrease)/increase in creditors	(6,289)	26,876
Difference between pension charge and cash contributions	60,000	31,000
	<hr/>	<hr/>
Net cash provided by (used in) operating activities	38,376	58,541
	<hr/>	<hr/>

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the academy, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Academies Accounts Direction 2018 to 2019 issued by the ESFA, the Charities Act 2011 and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Stretton Sugwas Church of England Academy meets the definition of a public benefit entity under FRS 102.

Going concern

The governors 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 Company to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements. The governors 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.

Income

All income is recognised in the Statement of Financial Activities once the academy has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Grants

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

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

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

Sponsorship income

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Donations

Donations are recognised on a receivable basis (where there are no performance related conditions), where it is probable that the income will be received and the amount can be measured reliably.

Other income

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

1. ACCOUNTING POLICIES - continued

Donated goods, facilities and services

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

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the academy to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

All resources expended are inclusive of irrecoverable VAT.

Charitable activities

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

1. ACCOUNTING POLICIES - continued

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 assets, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Leasehold buildings	2% on cost
Property improvements	5% on cost
Fixtures and fittings	15 to 20% on cost
Motor vehicles	20% on cost
Computer equipment	33.3% on cost

Assets in the course of construction are included at cost. Depreciation of these assets is not charged until they are brought into use.

Included within long leasehold is land and buildings that the school occupies under a Church Supplement Agreement with the Hereford Diocese Board of Education which gives the academy permission to occupy the site only. The Diocese Board of Education can give the academy a two year notice period to terminate the agreement and to be vacated from the site.

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

Leased Assets

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

Liabilities

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

Provisions

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 - continued
for the Year Ended 31 August 2019

1. ACCOUNTING POLICIES - continued

Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

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

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 Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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 Governors.

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

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

1. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

Retirement benefits to employees of the Academy Trust are provided by the Teacher's 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.

The annual valuation at 31 August 2019 has taken into account the effects of the McCloud judgement.

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 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.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.18 Total funds £
Other grants and payments	-	17,606	17,606	3,739
Capital Grants	-	18,053	18,053	88,126
School trips etc	-	12,590	12,590	12,834
	<u>-</u>	<u>48,249</u>	<u>48,249</u>	<u>104,699</u>

All of the figures included in the comparatives related to restricted funds.

Grants received, included in the above, are as follows:

	31.8.19 £	31.8.18 £
Capital Grant	18,053	53,126
Other grants	-	35,000
	<u>18,053</u>	<u>88,126</u>

3. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.18 Total funds £
DfE/ESFA revenue grant				
General Annual Grant(GAG)	-	615,138	615,138	532,195
Other DfE/ESFA Grants	-	17,170	17,170	76,745
	<u>-</u>	<u>632,308</u>	<u>632,308</u>	<u>608,940</u>
Other government grant				
Special Educational Projects	-	54,657	54,657	33,447
	<u>-</u>	<u>686,965</u>	<u>686,965</u>	<u>642,387</u>

All of the figures included in the comparatives related to restricted funds.

4. OTHER TRADING ACTIVITIES

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.18 Total funds £
Income from other schools	-	30,180	30,180	700
Other	59,013	1,060	60,073	20,316
	<u>59,013</u>	<u>31,240</u>	<u>90,253</u>	<u>21,016</u>

All of the figures included in the comparatives related to unrestricted funds.

5. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.18 Total funds £
Short term deposits	67	-	67	430
	<u>67</u>	<u>-</u>	<u>67</u>	<u>430</u>

All of the figures included in the comparatives related to unrestricted funds.

6. EXPENDITURE

	Staff costs £	Non-pay expenditure Premises £	Other costs £	31.8.19 Total £	31.8.18 Total £
Charitable activities					
Academies educational operations					
Direct costs	515,579	14,221	161,737	691,537	505,691
Allocated support costs	85,564	65,482	69,070	220,116	248,364
	<u>601,143</u>	<u>79,703</u>	<u>230,807</u>	<u>911,653</u>	<u>754,055</u>

Net income/(expenditure) is stated after charging/(crediting):

	31.8.19 £	31.8.18 £
Auditors' remuneration	6,480	6,275
Auditors' remuneration for non audit work	500	340
Depreciation - owned assets	43,228	39,587
Operating leases	1,905	1,905
	<u>51,113</u>	<u>48,107</u>

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds £	Restricted funds £	31.8.19 Total funds £	31.8.18 Total funds £
Direct costs	2,515	689,022	691,537	505,691
Support costs	25,866	194,250	220,116	248,364
	<u>28,381</u>	<u>883,272</u>	<u>911,653</u>	<u>754,055</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

7. CHARITABLE ACTIVITIES - ACADEMY'S EDUCATIONAL OPERATIONS - continued

	31.8.19 Total £	31.8.18 Total £
Analysis of support costs		
Support staff costs	85,564	96,751
Depreciation	14,792	20,031
Administrative supplies	13,218	10,520
Premises costs	65,482	83,711
Other support costs	34,080	30,736
Governance costs	6,980	6,615
Total support costs	220,116	248,364

The comparatives include unrestricted funds of £20,963 and restricted funds of £733,092, making up the total of £754,055.

8. GOVERNORS' REMUNERATION AND BENEFITS

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:

A Davies (Headteacher):

Remuneration £65,000 - £70,000	(2018: £55,000 - £60,000)
Employer's pension contribution £10,000 - £15,000	(2018: £5,000 - £10,000)

B Ford (staff governor):

Remuneration £40,000 - £45,000	(2018: £40,000 - £45,000)
Employer's pension contribution £5,000 - £10,000	(2018: £5,000 - £10,000)

Other related party transactions involving the trustees are set out in the notes to the financial statements.

Governors' expenses

There were no governors' expenses paid for the year ended 31 August 2019 nor for the year ended 31 August 2018.

9. STAFF COSTS

	31.8.19	31.8.18
	£	£
Wages and salaries	488,525	396,430
Social security costs	35,193	28,133
Operating costs of defined benefit pension schemes	77,425	63,144
	<u>601,143</u>	<u>487,707</u>

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

	31.8.19	31.8.18
Teachers	6	6
Administration and support	23	15
Management	2	2
	<u>31</u>	<u>23</u>

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

	31.8.19	31.8.18
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
	<u>1</u>	<u>1</u>

Key Management Personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £190,616 (2018: £168,905).

10. GOVERNORS' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the Academy has purchased insurance to protect Governors 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 of this insurance is included in the total insurance cost.

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Fund £	Restricted Fixed Asset Fund £	Restricted General Fund £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and capital grants	-	88,125	16,574	104,699
Charitable activities				
Funding for the academy's educational operations	-	-	642,387	642,387
Other trading activities	21,016	-	-	21,016
Investment income	430	-	-	430
Total	<u>21,446</u>	<u>88,125</u>	<u>658,961</u>	<u>768,532</u>

11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted Fund £	Restricted Fixed Asset Fund £	Restricted General Fund £	Total funds £
EXPENDITURE ON				
Charitable activities				
Academy's educational operations	20,963	100,039	633,053	754,055
NET INCOME/(EXPENDITURE)	483	(11,914)	25,908	14,477
Transfers between funds	(70,000)	176,640	(106,640)	-
Other recognised gains/(losses)				
Actuarial gains/losses on defined benefit schemes	-	-	49,000	49,000
Net movement in funds	(69,517)	164,726	(31,732)	63,477
RECONCILIATION OF FUNDS				
Total funds brought forward	79,066	980,187	(142,147)	917,106
TOTAL FUNDS CARRIED FORWARD	9,549	1,144,913	(173,879)	980,583

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

12. TANGIBLE FIXED ASSETS

	Long leasehold £	Improvements to property £	Fixtures and fittings £
COST			
At 1 September 2018	911,046	282,714	30,513
Additions	-	2,106	5,995
At 31 August 2019	911,046	284,820	36,508
DEPRECIATION			
At 1 September 2018	75,706	6,438	12,863
Charge for year	14,221	14,214	3,981
At 31 August 2019	89,927	20,652	16,844
NET BOOK VALUE			
At 31 August 2019	821,119	264,168	19,664
At 31 August 2018	835,340	276,276	17,650
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 September 2018	26,300	84,875	1,335,448
Additions	-	8,196	16,297
At 31 August 2019	26,300	93,071	1,351,745
DEPRECIATION			
At 1 September 2018	21,117	74,410	190,534
Charge for year	2,957	7,855	43,228
At 31 August 2019	24,074	82,265	233,762
NET BOOK VALUE			
At 31 August 2019	2,226	10,806	1,117,983
At 31 August 2018	5,183	10,465	1,144,914

Included within long leasehold is land and buildings that the school occupies under a Church Supplement Agreement with the Hereford Diocese Board of Education which gives the academy permission to occupy the site only. The Diocese Board of Education can give the academy a two year notice period to terminate the agreement and to be vacated from the site.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.19	31.8.18
	£	£
Trade debtors	291	773
Other debtors	4,898	589
VAT	9,058	5,956
Prepayments and accrued income	32,378	23,217
	<u>46,625</u>	<u>30,535</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.19	31.8.18
	£	£
Trade creditors	29,760	20,426
Social security and other taxes	18,581	14,780
Deferred income	15,809	16,529
Accrued expenses	3,702	22,406
	<u>67,852</u>	<u>74,141</u>

	£
Deferred Income at 1 September 2018	16,529
Resources deferred in the year	15,809
Amounts released from previous years	(16,529)
Deferred Income at 31 August 2019	<u>15,809</u>

At the balance sheet date the Academy Trust was holding funds received in advance in relation to Free School meals income and rates relief income, which relate to the next financial year.

15. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.8.19	31.8.18
	£	£
Within one year	1,905	1,905
Between one and five years	7,620	7,620
In more than five years	16,193	18,098
	<u>25,718</u>	<u>27,623</u>

16. 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.

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

				31.8.19
	Unrestricted Fund £	Restricted Fixed Asset Fund £	Restricted General Fund £	Total funds £
Fixed assets	-	1,117,983	-	1,117,983
Current assets	40,249	3,203	150,647	194,099
Current liabilities	-	(3,202)	(64,650)	(67,852)
Pension liability	-	-	(426,000)	(426,000)
	<u>40,249</u>	<u>1,117,984</u>	<u>(340,003)</u>	<u>818,230</u>

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

				31.8.18
	Unrestricted Fund £	Restricted Fixed Asset Fund £	Restricted General Fund £	Total funds £
Fixed assets	-	1,144,914	-	1,144,914
Current assets	9,549	39,326	88,935	137,810
Current liabilities	-	(39,327)	(34,814)	(74,141)
Pension liability	-	-	(228,000)	(228,000)
	<u>9,549</u>	<u>1,144,913</u>	<u>(173,879)</u>	<u>980,583</u>

18. MOVEMENT IN FUNDS

	At 1.9.18 £	Net movement in funds £	Transfers between funds £	At 31.8.19 £
Unrestricted funds				
Unrestricted Fund	2,876	4,897	-	7,773
Unrestricted Club Stretton Fund	8,285	3,788	-	12,073
Unrestricted Pre School	(1,612)	22,015	-	20,403
	<u>9,549</u>	<u>30,700</u>	<u>-</u>	<u>40,249</u>
Restricted funds				
General Annual Grant	54,121	42,879	(11,003)	85,997
Restricted Pension Fund	(228,000)	(198,000)	-	(426,000)
DfE/YPLA Capital Grants	274,459	(895)	(5,295)	268,269
Conversion and Depreciation	548,762	(8,095)	-	540,667
Expenditure from GAG	110,540	(16,949)	16,298	109,889
Other Grant Expenditure	211,152	(11,993)	-	199,159
	<u>971,034</u>	<u>(193,053)</u>	<u>-</u>	<u>777,981</u>
TOTAL FUNDS	<u>980,583</u>	<u>(162,353)</u>	<u>-</u>	<u>818,230</u>

18. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Unrestricted Fund	4,897	-	-	4,897
Unrestricted Club Stretton Fund	25,163	(21,375)	-	3,788
Unrestricted Pre School	29,020	(7,005)	-	22,015
	<u>59,080</u>	<u>(28,380)</u>	<u>-</u>	<u>30,700</u>
Restricted funds				
General Annual Grant	548,830	(505,951)	-	42,879
Other Restricted	177,856	(177,856)	-	-
Other DfE/ESFA Grants	83,480	(83,480)	-	-
DfE/YPLA Capital Grants	18,053	(18,948)	-	(895)
Other Grant Expenditure	1	(11,994)	-	(11,993)
Restricted Pension Fund	-	(60,000)	(138,000)	(198,000)
Conversion and Depreciation	-	(8,095)	-	(8,095)
Expenditure from GAG	-	(16,949)	-	(16,949)
	<u>828,220</u>	<u>(883,273)</u>	<u>(138,000)</u>	<u>(193,053)</u>
TOTAL FUNDS	<u><u>887,300</u></u>	<u><u>(911,653)</u></u>	<u><u>(138,000)</u></u>	<u><u>(162,353)</u></u>

Comparatives for movement in funds

	At 1.9.17 £	Net movement in funds £	Transfers between funds £	At 31.8.18 £
Unrestricted Funds				
Unrestricted Fund	69,693	3,183	(70,000)	2,876
Unrestricted Club Stretton Fund	9,373	(1,088)	-	8,285
Unrestricted Pre School	-	(1,612)	-	(1,612)
	<u>79,066</u>	<u>483</u>	<u>(70,000)</u>	<u>9,549</u>
Restricted Funds				
General Annual Grant	103,853	56,908	(106,640)	54,121
Restricted Pension Fund	(246,000)	18,000	-	(228,000)
DfE/YPLA Capital Grants	281,166	(11,702)	4,995	274,459
Conversion and Depreciation	557,062	(8,300)	-	548,762
Expenditure from GAG	126,379	(22,712)	6,873	110,540
Other Grant Expenditure	15,580	30,800	164,772	211,152
	<u>838,040</u>	<u>62,994</u>	<u>70,000</u>	<u>971,034</u>
TOTAL FUNDS	<u><u>917,106</u></u>	<u><u>63,477</u></u>	<u><u>-</u></u>	<u><u>980,583</u></u>

18. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
Unrestricted Fund	3,183	-	-	3,183
Unrestricted Club Stretton Fund	18,263	(19,351)	-	(1,088)
Unrestricted Pre School	-	(1,612)	-	(1,612)
	<u>21,446</u>	<u>(20,963)</u>	<u>-</u>	<u>483</u>
Restricted funds				
General Annual Grant	532,193	(475,285)	-	56,908
Other Restricted	50,023	(50,023)	-	-
Other DfE/ESFA Grants	76,745	(76,745)	-	-
DfE/YPLA Capital Grants	53,125	(64,827)	-	(11,702)
Other Grant Expenditure	35,000	(4,200)	-	30,800
Restricted Pension Fund	-	(31,000)	49,000	18,000
Conversion and Depreciation	-	(8,300)	-	(8,300)
Expenditure from GAG	-	(22,712)	-	(22,712)
	<u>747,086</u>	<u>(733,092)</u>	<u>49,000</u>	<u>62,994</u>
TOTAL FUNDS	<u><u>768,532</u></u>	<u><u>(754,055)</u></u>	<u><u>49,000</u></u>	<u><u>63,477</u></u>

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

- General Annual Grant (GAG): Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the GAG that it could carry forward at the year end.
- Other DfE/ESFA Grants: are utilised for the purposes intended by the donor.
- Other Restricted General Funds: include payments made towards Academy trips.
- The Pension Fund: is the surplus/(deficit) in the Local Government Pension Scheme.
- Restricted Fixed Asset Funds: include the fixed assets transferred on conversion to Academy, capital grants received from the ESFA and other establishments, additions and depreciation.
- Unrestricted Funds: are all those income and expenses for general use in the Academy.
- Unrestricted Club Stretton Funds: all income and expenses in relation to Club Stretton.
- Unrestricted Pre School: all income and expenses in relation to the running of the Pre School.

Transfers between funds relate to re-allocation of expenditure on fixed assets.

19. PENSION AND SIMILAR OBLIGATIONS

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £8,988 were payable to the schemes at 31 August 2019 (2018: £7,341) and are included within creditors.

19. PENSION AND SIMILAR OBLIGATIONS
- continued

Teachers' pension scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report as published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The employers pension costs paid to TPS in the period amounted to £39,862 (2018: £37,013).

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

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

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

19. PENSION AND SIMILAR OBLIGATIONS
- continued

Local government pension scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £43,028 (2018: £27,998), of which employer's contributions totalled £29,611 (2018: £19,309) and employees' contributions totalled £13,417 (2018: £8,689). The agreed contribution rates for future years are 12.7 % for employers and between 5.5% and 12.5% for employees.

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

The annual valuation at 31 August 2019 has taken into account the effects of the McCloud judgement.

As the scheme is in deficit, the School has entered into an agreement with the trustees to make additional contributions in addition to normal funding levels.

The rates payable over a three year period will be the Future Service Rate of 12.7% of payroll plus phased lump sum deficit contributions starting at £7,700 for the year to 31 March 2018, increasing by approximately 4% per annum. The rate payable from 1 April 2020 will be further revised following the next valuation of the Pension Fund on 31 March 2019.

The current estimated recovery period is 13 years.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£	£
Present value of funded obligations	(688,000)	(430,000)
Fair value of plan assets	262,000	202,000
	<u>(426,000)</u>	<u>(228,000)</u>
Deficit	<u>(426,000)</u>	<u>(228,000)</u>
Liability	<u>(426,000)</u>	<u>(228,000)</u>

The amounts recognised in the statement of financial activities are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£	£
Current service cost	90,000	51,000
Net interest from net defined benefit asset/liability	7,000	6,000
	<u>97,000</u>	<u>57,000</u>
Actual return on plan assets	<u>10,000</u>	<u>12,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

19. PENSION AND SIMILAR OBLIGATIONS
- continued

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£	£
Defined benefit obligation	430,000	401,000
Current service cost	90,000	51,000
Contributions by scheme participants	13,000	9,000
Interest cost	14,000	10,000
Actuarial losses/(gains)	141,000	(41,000)
	<u>688,000</u>	<u>430,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£	£
Fair value of scheme assets	202,000	155,000
Contributions by employer	38,000	27,000
Contributions by scheme participants	13,000	9,000
Expected return	7,000	4,000
Actuarial gains/(losses)	3,000	8,000
Assets administration expenses	(1,000)	(1,000)
	<u>262,000</u>	<u>202,000</u>

The amounts recognised in other recognised gains and losses are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£	£
Actuarial gains/(losses)	(138,000)	49,000
	<u>(138,000)</u>	<u>49,000</u>

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	31.8.19	31.8.18
	£	£
Equities	185,000	157,000
Government bonds	20,000	16,000
Bonds - Other	13,000	9,000
Property	16,000	9,000
Cash/liquidity	8,000	4,000
Other	20,000	7,000
	<u>262,000</u>	<u>202,000</u>

Notes to the Financial Statements - continued
for the Year Ended 31 August 2019

19. PENSION AND SIMILAR OBLIGATIONS
- continued

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	31.8.19	31.8.18
Discount rate	1.8%	2.9%
Future salary increases	3.5%	3.7%
Future pension increases	2.1%	2.3%
Inflation assumption (CPI)	2%	2.2%

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

	At31 August2019	At31 August2018
Retiring today		
Males	22.8	22.7
Females	25.8	25.7
Retiring in 20 years		
Males	25.1	24.9
Females	28.2	28.0

Sensitivity Analysis

	At31 August2019 £000's	At31 August2018 £000's
Central	426	228
Discount rate +0.1%	408	217
Inflation +0.1%	444	240
Mortality assumption - 1 year increase	428	230
1 year increase in life expectancy	438	236

20. CONTINGENT LIABILITIES

There are no significant contingent liabilities that the Governors are aware of.

21. CAPITAL COMMITMENTS

	31.8.19 £	31.8.18 £
Contracted but not provided for in the financial statements	-	-

22. RELATED PARTY DISCLOSURES

Owing to the nature of the academy trust and the composition of the board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transaction took place in the period of account.

Burghill Community Academy - an academy which DA Davies (Head Teacher) is a Governor (and Executive Head Teacher) from 01.09.18

- During the year income of £27,170 was received from Burghill Community Academy
- During the year expenditure of £200 was paid to Burghill Community Academy
- The above income and expenditure related to recharges of services and expenditure all in the normal course of business
- At the year end there was a balance of £4,222 owed to the Academy from Burghill Community Academy
- In entering into the transactions the academy has complied with the requirements of the Academies Financial Handbook 2018
- The element above £2,500 has been provided 'at no more than cost'

Sharp Electrical - a company which L Sharp a Governor of the Academy is an employee of.

- During the year income of £nil (2018: £nil) was received from Sharp Electrical
- During the year expenditure of £nil (2018: £157) was paid to Sharp Electrical in respect of electrical maintenance work.
- There were no amounts outstanding at the year end. (2018: £nil)