

Burton Morewood Church of England Primary School

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year Ended 31 August 2019

Company Registration Number: 07788628
(England & Wales)

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Burton Morewood Church of England Primary School

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Reference and Administrative Details

The trustees, who are also directors for the purposes of company law, present their report and the financial statements of the company for the period ended 31 August 2019.

	Appointed	Resigned
The Members		
The members of the company who served during the period were:		
Mr Michael Fishwick		
Mr John Gaskins		
Mr Andy Barker		
The Carlisle Diocesan Board of Finance		

The Governors

The Governors (trustees) who served the company during the period were:

Governors who are not directors

Mr Michael Fishwick*		
Mr Michael Carr*		
Mr Andy Barker		
Mr John Gaskins*		
Mrs Joanne Dugdale		
Mr George Isherwood		
Revd Graham Burrows		
Mr Steve Thexton*		
Mr Richard Wilson*		
Mrs Judith Fisher		
Mrs Allison Head*		12/06/2019
Mrs Sally Noble	25/02/2019	
Mrs Rebecca Ludlam	25/02/2019	

* indicates member of Resources Committee

Company Secretary

Mrs Helen Derrick

Senior Management Team

• Headteacher	Mr Richard Wilson	
• Deputy Headteacher	Mr Steve Thexton	
• Executive Headteacher	Mrs Sue Woodburn	31/03/2019
• Business Manager	Mrs Helen Derrick	

Company Name

Burton Morewood Church of England Primary School

Principal and Registered Office

Burton Morewood Church of England Primary School
Main Street
Burton in Kendal
Carnforth
Cumbria
LA6 1ND

Company Registration Number

07788628

Reference and Administrative Details (continued)

Independent Auditor

Saint and Co
The Old Police Station
Church Street
Ambleside
Cumbria
LA22 0BT

Bankers

HSBC
64 Highgate
Kendal
Cumbria
LA9 4TF

Governors' Report

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

The trust operates an academy for pupils aged 2 to 11 serving a catchment area in and around Burton in Kendal, Cumbria. It has a pupil capacity of 210 + 26 Nursery and had 175 on roll (excluding nursery) in the school census on May 2019.

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 Governors of Burton Morewood Church of England Primary School Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Burton Morewood Church of England Primary School.

Details of the Governors who served throughout the year, except as noted, are included in the Reference and Administrative details.

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.

Governor's Indemnities

The Governors of the Academy are covered by indemnity insurance paid for by the trust.

Method of Recruitment and Appointment or Election of Governors

The Governors are directors of the charitable company for the purposes of the Companies Act 1985 and trustees for the purposes of charity legislation.

Arrangements to appoint new trustees are detailed in the articles of association.

- Up to 3 Governors appointed by members
- Foundation Governors, up to no more than 25% of the board
- 1 LA Governor, appointed by the LA
- 3 Staff Governors, elected by staff employed by the Academy Trust at the time of the election from amongst their number, provided that the total number of Governors (including the Head) who are employees of the Academy Trust does not exceed one third of the total number of Governors. The Governing Body shall take all steps as are reasonably practical to ensure that all staff employed at the Academy at the time are informed of the vacancy, informed they are entitled to stand as a candidate and vote at the election and given the opportunity to do so.
- A minimum of 4 Parent Governors elected by parents of registered pupils at the Academy. A Parent Governor must be a parent of a pupil at the Academy at the time when he is elected. Any election of Parent Governors which is contested shall be held by secret ballot. The Governing Body shall take all steps as are reasonably practical to ensure that all parents of a registered pupil at the Academy is informed of the vacancy, informed they are entitled to stand as a candidate and vote at the election and given the opportunity to do so.
- The Head Teacher shall be treated for all purposes as being an ex officio Governor.
- The Academy Trust may also have Co-opted Governors. A 'Co-opted Governor' means a person who is appointed to be a Governor by being Co-opted by Governors who have not themselves been so appointed.

Governors' Report (continued)

Policies and Procedures Adopted for the Induction and Training of Governors.

All new Trustees joining the Academy Trust complete an induction programme, including receipt of company documentation and a meeting with the Chair of Governors and Head Teacher.

Organisational Structure

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

The Senior Managers are the Head, the Deputy Head and the Business Manager. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff.

Arrangements for setting pay and remuneration of key management personnel

All pay arrangements are carried out in line with Cumbria County Council Teachers Model Pay Policy 2018. Pay progression for all staff, including senior managers, follows the Appraisal Policy which was reviewed in October 2017. The Head Teacher Appraisal is carried out with Governors and an external advisor.

Trade union facility time

The academy has no relevant union officials.

Connected Organisations, including Related Party Relationships

The South Lakes Rural Partnership

The South Lakes Rural Partnership consists of approximately 30 primary schools and 6 secondary schools across the South Lakes area. The partnership exists to work collaboratively to the benefit of all those within its member organisations, to meet this end in a sustainable way and to deliver those objectives in a positive and proactive way, taking affirmative actions.

Governors' Report (continued)**Objectives and Activities****Objects and Aims**

The principal object and activity of the charitable company is the operation of Burton Morewood Church of England Primary School to provide education for pupils of mixed abilities between the ages of 2 and 11.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting students to the Academy, the catchment area from which the students are drawn, and that the curriculum should comply with the substance of the national curriculum with an emphasis on science and technology and their practical applications.

The main objectives of the Academy during the period are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Objectives, Strategies and Activities

The Academy commenced its charitable activities on 1 October 2011.

The Academy's main strategy is encompassed in its mission statement which is 'In this Church of England Academy we hope that our connections with the Church and our Christian ethos will be evident to all who come within our walls. We intend that it will guide not only the religious aspects of the day but will become a firm foundation for the whole life of the school. We want the children of our school, as they grow physically and mentally, to also grow socially and spiritually so gaining real respect for themselves, for each other, and indeed, for the whole of this exciting world in which we all live.'

To this end the aims of the school are to provide:

- Equal opportunities for every child to develop their full potential enabling them to leave our school well prepared for the next stage of their educational, social and spiritual development;
- A curriculum which is broad and well balanced, responsive to the needs of the individual child and relevant to the wider world;
- A staff who are committed, motivated, caring and able to meet the school curriculum requirements;
- Resources that match the needs of the children and the school as fully as possible.
- Communications with parents which are open, effective and timely.

Public Benefit

In setting objectives and planning activities the Governors have given consideration to the Charity Commission's general guidance on public benefit. The public benefit is providing education in accordance with the Principal Activities detailed above, and additionally in providing access to school facilities to local community groups and adult education.

Governors' Report (continued)

Strategic Report

Achievements and Performance

The Academy has successfully completed its 8th period of operation. Our Nursery Class continues to go from strength to strength and Nursery provision, along with the rest of Early Years Foundation Stage was graded as 'Good' at our most recent Ofsted inspection (March 2019).

In partnership with the University of Cumbria, the Academy continues to successfully run the School Direct teacher training programme. A further six teachers were trained in the period ending 31st August 2019.

Total number of students on roll in the period ending 31st August 2019 was 179 (plus Nursery).

The year ending 31st August 2019, saw a much higher percentage of children achieve the national standard than in the previous year. Our results for Year 6 children were as follows: Reading 81%; Grammar; Punctuation & Spelling 77%; Mathematics 77%; Writing 81%

To ensure that standards are continually raised, the Academy: operates a programme of observation of lessons; is visited by inspectors and outside agencies; undertakes a comparison of results from entry to Key Stage Two to assess the Value Added. The Academy also participates in national programmes looking at added value through the Key Stages.

The Academy has had its 3rd operational year as a National Teaching School. Managers and staff worked hard to provide a range of support in the form of CPD, mentoring and offering School to School support in our alliance and local area. The Academy was also an Appropriate Registered Body for the induction of Newly Qualified Teachers. The Academy ceased its external operations, as mentioned above, in July 2019.

Key Performance Indicators.

During the period September 2018 to August 2019 we have not been subject to an Inspection by The Church of England.

During the period, in March 2019, the Academy was subject to an Ofsted Inspection. The overall grade received was that of 'Requires Improvement'. There were however, 'Good' grades for 'Personal Development, Behaviour and Welfare' and 'Early Years Provision'. Whilst the overall grade was incredibly disappointing, the outcomes have given the Academy a clear drive for immediate and future improvements. The whole Academy, including the Governors, are fully supportive of our rigorous Action Plan and the time frame for improvement.

Key Financial Performance Indicators.

The deficit before LGPS adjustments was £145,946 (2018: £98,123).

Attendance for the summer term (ending 31st August 2019) was 96.68%, which is an increase on the previous year.

We were delighted to welcome 17 new children into our Reception class in September 2018 and had a total of 37 children in our Nursery class during the year, who attended for part-time sessions. During the period we also welcomed another 12 children into our school that joined us from other schools mid year.

Governors' Report (continued)**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**Financial Review**

The Academy Trust's accounting period is 01 September 2018 to 31 August 2019.

Most of the School'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 period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2019, total restricted general expenditure of £1,189,824 was not covered by recurrent grant funding from the DfE together with other incoming resources. The excess of restricted general expenditure over income for the year was £107,945 before the defined pension benefit scheme movement. This deficit was covered from brought forward reserves.

At 31 August 2019 the net book value of fixed assets was £1,493,740 and movements in tangible fixed assets are shown in notes to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The academy's current level of unrestricted reserves is £475 which consists entirely of designated School Funds.

Restricted reserves include fixed assets funds of £1,493,740.

Reserves Policy

The Governors, via the work of their Finance Committee, regularly monitor on-going and projected levels of reserve, ensuring these are adequate for the continued operation of the academy. This monitoring process takes into account shifts in local and national funding policies and developments as well as material expenditure requirements.

Funds in Deficit

The Academy holds a deficit on the local government pension scheme of £422,000. In the event of the closure of the Academy, this deficit would be met by the DfE.

The General annual grant fund was in deficit by £17,264 at the year-end. The academy is looking to reduce this in the future through costs savings over the next few financial years.

Funds in deficit is also included in the Funds note in the Financial statements.

Investment Policy

The Governors aim to ensure value for money when considering investment decisions whilst exercising caution and ensuring security of funds takes precedence over revenue maximization.

Governors' Report (continued)

Principal Risks and Uncertainties

The Governors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail in the following statement

Financial and Risk Management Objectives and Policies

The trustees are responsible for the management of the risks the Academy is exposed to, and have undertaken a review of risks associated with its activities.

Principal Funding Sources

The majority of the academy's income is obtained from the Education and Skills Funding Agency (ESFA) and the Local Authority in the form of grants, the use of which is restricted to particular purposes.

Fundraising

The academy does not engage with professional fundraisers to undertake any fundraising activities on its behalf. The academy from time to time does a minor level fundraising activities to raise funds for the academy whereby students seek voluntary donations from parents and the local community. Occasionally the children do raise funds for charities such as Children In Need or Cancer Research UK.

Governors' Report (continued)

Plans for Future Periods

The Academy will continue to strive to improve the provision of 'quality experiences' to all members of the school community. A robust post Ofsted Action Plan is in place.

During the period ending August 2019, the school has re written its Vision and consulted with parents and children on chosen Christian Values. Those chosen are: Compassion; Friendship; Perseverance and Trust.

The Key Priority Targets, after Ofsted are to: Improve the quality of Teaching, Learning and Assessment; Make sure that children make good or better progress in relation to their starting point; Improve the quality of Leadership (Subject Leadership Level); Improve the quality of Leadership (Senior Leadership Level)

School Direct will operate a seventh cohort in the period 2019-20 with 6 trainee teachers joining our school.

Auditor

Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware: and
- 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 Governors' report, incorporating a strategic report, was approved by the Governors and signed on its behalf by:



Michael Fishwick
Chair of Governors

13/12/19

Date

Governance Statement

Scope of Responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Burton Morewood Church of England Primary 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 Governors 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 Burton Morewood Church of England Primary School and the Secretary of State for Education.

The Accounting Officer is 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 Governors' Report and in the Statement of Governors' Responsibilities.

The Governing Body has formally met 4 times during the year. Attendance at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
Mr Michael Fishwick (Chair)	4	4
Revd Graham Burrows	3	4
Mr Michael Carr	1	4
Mr Andy Barker	3	4
Mr John Gaskins	4	4
Mrs Joanne Dugdale	4	4
Mr George Isherwood	4	4
Mr Richard Wilson (Head & Accounting Officer)	4	4
Mr Steve Thexton	4	4
Mrs Judith Fisher	4	4
Mrs Rebecca Ludlam	3	3
Mrs Sally Noble	3	3
Mrs Allison Head	2	3

In our last Ofsted inspection (in March 2019), an assessment was made of Governor effectiveness and the following was said in their report:

It was recommended that an External review of governance be carried out. Since the year end, this has taken place and recommendations and a thorough Action Plan are now in place. Governors remain thoroughly committed to raising outcomes and supporting school to achieve the best for all of our children.

Governance Review

The Academy notes the need to review their processes for evaluating effective governance. Post Inspection (March 2019) the Governors have worked closely with a National Leader of Governance to help with this process of improvement.

Governance Statement (continued)

The **Resources Committee** is a sub-committee of the main governing body and has formally met 4 times. Its purpose is to review the School's financial statements, closely monitor budget performance and ensure the effectiveness of internal finance and control systems, review health & safety management and site maintenance, and direct strategy for capital investment in line with School's priorities.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Mr John Gaskins (Chair)	4	4
Mr Michael Fishwick	4	4
Mr Michael Carr	4	4
Mr Richard Wilson (Head & Accounting Officer)	4	4
Mr Steve Thexton	4	4
Mrs Allison Head	3	3

Review of Value for Money

As Accounting Officer, the Headteacher is responsible and accountable for ensuring that the Academy Trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- Welcoming the concept and principles underpinning Good Value and actively pursuing these throughout all the services it provides or uses.
- Providing quality services at an acceptable cost. It is not simply the lowest cost or the highest quality. It is a question of finding the right balance of the Good Value for the price people are prepared to pay.
- Seeking continuous improvements in service, costs and quality (changes have been made this year to service providers in order to improve the service we receive).

The principles underpinning this and to which Burton Morewood School subscribe can be summarised as follows:

Duty

Delivery of Best Value will represent:-

- A balance between cost and quality.
- Economical, efficient and effective service delivery.
- Continuous improvement.

Service Reviews

There is a requirement for ongoing service reviews. The reviews will include four key elements:

- Challenge Is the service needed? Are there better ways to achieve the objectives?
- Compare Benchmarking and dialogue with users and potential suppliers.
- Consult Aims of the service, targets and means of delivery.
- Compete Is service delivery competitive? Are more efficient and effective means of delivery available?

Performance Targets

- All services to have performance targets, some of these will be set nationally and others agreed and set locally.
- The targets will cover efficiency and economy as well as quality.
- The targets are to be challenging and reflect continuous improvement.

The progress of the annual budget plan and this statement will be monitored with the school improvement plan in order to determine the extent of continuous improvement. This monitoring will be undertaken by the Finance Sub Committee half termly.

Governance Statement (continued)

During 2018-19, the Finance Sub Committee focused on:

- 1) The development of financial plans to cover future periods, to ensure that the Academy remains in a healthy financial position.
- 2) Ensuring agreed timescales were met as outlined on the Maintenance and Property Development Plan.
- 3) Capital plans and requirements in respect of car parking improvements and future infrastructure needs.
- 4) The review of budgets, internal costs and charging.
- 5) Ensuring compliance with governance and regulatory requirements.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Burton Morewood Church of England Primary School for the period 01 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 Governing Body 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 trustees are 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 01 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 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 governing body;
- regular reviews by the Finance and Buildings 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 appointed Nicola Carruthers of Queen Elizabeth School Kirkby Lonsdale, as Responsible Officer ('RO') for the last financial year.

The RO's role includes giving advice on financial matters and performing a range of checks on the School's financial systems. On a termly basis, the RO tested the systems and discussed with the company secretary the operation of the systems of control and the discharge of the Governing Body's financial responsibilities.

The RO has delivered their schedule of works as planned and any recommendations have been considered. Furthermore, the governing body secured the services of Mr Steven Holmes from Queen Elizabeth School, who is a School Resource Management Adviser (SRMA) to monitor and provide support for budget setting and cash flow forecasting.

Governance Statement (continued)

Review of Effectiveness

As accounting officer, the Head 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 Responsible Officer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the Finance Director at Queen Elizabeth School, Kirkby Lonsdale who assists 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 Resources 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 Governing Body and signed on its behalf by:



Michael Fishwick
Chair of Governors



Richard Wilson
Accounting Officer

13/12/19

Date

Statement on Regularity, Propriety and Compliance

As accounting officer of Burton Morewood Church of England Primary School I have considered my responsibility to notify the Academy Trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of 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.



Richard Wilson
Accounting Officer

13/12/19

Date

Statement of Governors' Responsibilities

The trustees (who act as Governors of Burton Morewood Church of England Primary School and 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 Annual Accounts Direction published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the 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 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 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 judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors 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 Governors 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 Governors 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 Governing Body and signed on its behalf by:



Michael Fishwick
Chair of Governors

13/12/19

Date

Independent Auditor's Report on the Financial Statements to the Members of Burton Morewood Church of England Primary School**Opinion**

We have audited the financial statements of Burton Morewood Church of England Primary School 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 and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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 Companies Act 2006; and
- have been properly 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 charitable company'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 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 auditor's report thereon. It includes the Reference and Administrative Details, the Report of the Directors and Strategic Report and the Governance 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.

Independent Auditor's Report on the Financial Statements to the Members of Burton Morewood Church of England Primary School (continued)

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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities, the trustees (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 trustees determine is necessary to enable to preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 Independent Auditors.

Independent Auditor's Report on the Financial Statements to the Members of Burton Morewood Church of England Primary School (continued)

Use of our report

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



Ian Thompson (Senior Statutory Auditor)

For and on behalf of

Saint & Co
Chartered Accountants & Statutory Auditors
The Old Police Station
Church Street
Ambleside
Cumbria
LA22 0BT

17/12/19 Date

Independent Reporting Accountant's Assurance Report on Regularity to Burton Morewood Church of England Primary School and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 15/08/2018 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 Burton Morewood Church of England Primary School during the period 01 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.

Respective Responsibilities of the Burton Morewood Church of England Primary School's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirement of the Burton Morewood Church of England Primary School's funding agreement with the Secretary of State for Education dated 30 September 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 period 01 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 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:

- the Financial Management & Governance Evaluation (FMGE) was obtained and considered;
- having a general awareness of regularity and propriety whilst conducting the statutory audit function;
- reviewing if extra-contractual severance payments have been made in accordance with the Handbook;
- reviewing if borrowing agreements, including leases to ensure they have been made in accordance with the Handbook;
- reviewing the minutes of the meeting of the main committees during the year;
- reviewing expenditure to check that it was not ultra vires to the charitable objectives;
- obtaining trustee / governors declaration of interests;
- where present obtaining the accounting officer's file.

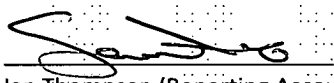
Independent Reporting Accountant's Assurance Report on Regularity to Burton Morewood Church of England Primary School and the Education Funding Agency (continued)

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 01 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.

Use of our report

This report is made solely to Burton Morewood Church of England Primary School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Burton Morewood Church of England Primary 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 Burton Morewood Church of England Primary School and ESFA, for our work, for this report, or for the conclusion we have formed.



Ian Thompson (Reporting Accountant)

For and on behalf of

Saint & Co
Chartered Accountants & Statutory Auditors
The Old Police Station
Church Street
Ambleside
Cumbria
LA22 0BT

17/12/19

Date

Statement of Financial Activities for the Year Ended 31 August 2019

(Including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2019 £	Total 2018 £
Income and endowments from:						
Donations and capital grants	2	-	407	14,471	14,878	5,928
Charitable activities						
Funding for the Academy trust's educational operations	3	38,260	1,079,627	-	1,117,887	1,084,181
Other trading activities	4	6,749	1,845	-	8,594	6,532
Investments	5	-	-	-	-	-
Total		<u>45,009</u>	<u>1,081,879</u>	<u>14,471</u>	<u>1,141,359</u>	<u>1,096,641</u>
Expenditure on:						
Charitable activities						
Academy trust educational operations	8	33,603	1,189,824	61,910	1,285,337	1,194,764
Other trading activities	7	1,968	-	-	1,968	-
Total	6	<u>35,571</u>	<u>1,189,824</u>	<u>61,910</u>	<u>1,287,305</u>	<u>1,194,764</u>
Net income / (expenditure)		9,438	(107,945)	(47,439)	(145,946)	(98,123)
Transfers between funds	10	(9,895)	(2,455)	12,350	-	-
Other recognised gains and (losses)						
Actuarial (losses) / gains on defined benefit pension schemes	23	-	(154,000)	-	(154,000)	72,000
Net movement in funds		(457)	(264,400)	(35,089)	(299,946)	(26,123)
Reconciliation of funds						
Total funds brought forward	18	932	(169,961)	1,528,829	1,359,800	1,385,923
Total funds carried forward	18	<u>475</u>	<u>(434,361)</u>	<u>1,493,740</u>	<u>1,059,854</u>	<u>1,359,800</u>

All of the academy's activities derive from continuing operations during the above two financial periods.

Balance Sheet as at 31 August 2019

Company Number 07788628

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	13		1,493,740		1,528,829
Investments					
			<u>1,493,740</u>		<u>1,528,829</u>
Current assets					
Stock	14	250		250	
Debtors	15	17,037		22,838	
Cash at bank and in hand		<u>82,137</u>		<u>167,684</u>	
		99,424		190,772	
Liabilities					
Creditors: Amount falling due within one year	16	<u>(105,389)</u>		<u>(120,695)</u>	
Net current assets			<u>(5,965)</u>		<u>70,077</u>
Total assets less current liabilities			1,487,775		1,598,906
Creditors: Amount falling due after one year	17		<u>(5,921)</u>		<u>(7,106)</u>
Net Assets excluding pension liability			1,481,854		1,591,800
Provision for liabilities					
Defined benefit pension scheme liability	23		<u>(422,000)</u>		<u>(232,000)</u>
Total net assets			<u>1,059,854</u>		<u>1,359,800</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset funds	18	1,493,740		1,528,829	
Restricted income funds	18	(12,361)		62,039	
Pension reserve	18,23	<u>(422,000)</u>		<u>(232,000)</u>	
Total restricted funds	18		1,059,379		1,358,868
Unrestricted income funds					
General fund	18	<u>475</u>		<u>932</u>	
Total unrestricted funds			475		932
Total funds			<u>1,059,854</u>		<u>1,359,800</u>

The financial statements were approved by the trustees, and authorised for issue and signed on their behalf by:


Michael Fishwick
Chair of Governors

Richard Wilson
Accounting Officer

Statement of Cash Flows for the Year Ended 31 August 2019

	2019	2018	
Reconciliation of net income / (expenditure) to net cash flow from operating activities	£	£	
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(145,946)	(98,122)	
Adjusted for:			
Depreciation	59,947	56,105	
Capital grants from DfE/ESFA and other capital income	(14,471)	(5,912)	
Other government capital grants	-	-	
Capital donations	-	-	
Interest receivable	-	-	
Defined benefit pension scheme costs less contributions payable	30,000	42,814	
Defined benefit pension scheme net pension finance costs	6,000	1,186	
Decrease/(Increase)Increase in stocks	-	(10)	
Decrease/(Increase) in debtors	5,801	2,017	
Increase/(Decrease) in creditors	(15,306)	(60,487)	
Increase/(Decrease) in long term creditors	(1,185)	(1,184)	
Decrease/(increase) in salix loans included in above	1,185	1,184	
Net cash provided by / (used in) Operating Activities	(73,975)	(62,409)	
Cash flows from financing activities			
Repayments of borrowing	-	-	
Cash inflows from new borrowing	-	-	
Receipts from Salix loans	-	-	
Repayments made on Salix loans	(1,185)	(1,184)	
Net cash provided by / (used in) financing activities	(1,185)	(1,184)	
Cash flows from investing activities			
Interest receivable	-	-	
Proceeds from sale of tangible fixed assets	-	-	
Purchase of tangible fixed assets	(24,858)	(190,332)	
Capital grants from DfE/ESFA and other capital income	14,471	5,912	
Other government capital grants	-	-	
Capital donations	-	-	
Net cash provided by / (used in) investing activities	(10,387)	(184,420)	
Change in cash and cash equivalents in the reporting period	(85,547)	(248,013)	
Reconciliation of net cash flow to movement in net funds			
Cash and cash equivalents at 1 September 2018	167,684	415,697	
Change in cash and cash equivalents in the reporting period	(85,547)	(248,013)	
Cash and cash equivalents at 31 August 2019	82,137	167,684	
Analysis of cash and cash equivalents	1 Sep 18	Cash flows	31 Aug 19
	£	£	£
Cash in hand and at bank	167,684	(85,547)	82,137
Total cash and cash equivalents	167,684	(85,547)	82,137

Notes to the Financial Statements for the Year Ended 31 August 2019**1. Statement of Accounting Policies**

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

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

The financial statements are prepared in sterling, which is the functional currency of the entity.

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 company 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.

Incoming Resources

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 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.
- Other government grants are also recognised on a receivable basis. For all grants the balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.
- Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.
- Donations, legacies and other forms of voluntary income 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, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**1. Statement of 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'.

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

Deferred Income

Grants and other funding received for the academy's educational activities for a period spanning the year end are deferred pro-rata to the relevant periods in order to match the funding to the period in which the costs of charitable activities are incurred.

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 - These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.
- Expenditure on Raising Funds (Other trading activities) - This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

All resources expended are inclusive of irrecoverable VAT.

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

1. Statement of Accounting Policies (Continued)

Tangible Fixed Assets

Assets are carried at valuation/cost, net of depreciation and any provision for impairment.

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

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

Tangible fixed assets transferred on conversion to Academy status have been included in the accounts at valuation.

Depreciation

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/reducing balance basis over its expected useful life, as follows:

- Long Leasehold buildings - straight line over economic life (ranging from 31 to 55 years)
- Plant and machinery – straight line over economic life (ranging from 11 to 26 years).
- Information communications & technology equipment - 25% straight line
- Furniture, fittings & equipment - 10% straight line
- Land (on which the school buildings are situated) used under an agreement with the Carlisle Diocesan Board of Finance Limited is not depreciated here as there is no arrangement termination date.

All assets have been depreciated for 12 months except land used under an agreement with the Carlisle Diocesan Board of Finance Limited noted above.

Assets are depreciated in full in the year of purchase.

The total depreciation charge is allocated to teaching costs and administration and support costs pro-rata to the number of employees.

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

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

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**1. Statement of Accounting Policies (Continued)****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.

Salix Accounting Policy / Public Benefit Entity Concessionary Loans

Public Benefit Entity Concessionary Loans shall initially be measured at the amount received and recognised in the statement of financial position. In subsequent years, the carrying amount of the concessionary loans in the financial statements shall be adjusted to reflect any accrued interest payable.

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.

Leased Assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in the notes. 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 the notes. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Stocks

Stocks are valued at the lower of cost or net realisable value, after making due allowance for obsolete and slow moving items.

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.

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**1. Statement of Accounting Policies (Continued)****Pension Benefits**

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

Teachers' Pension Scheme

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.

Local Government Pension Scheme

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.

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

1. Statement of Accounting Policies (Continued)

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 funders where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise grants, including the General Annual Grant (GAG), and other funding for educational purposes and any voluntary income to be used for specific purposes.

The Local Government Pension Scheme deficit is recognised against restricted general funds in order to match it against the GAG, in accordance with Education and Skills Funding Agency guidance.

Details of restricted and unrestricted funds are shown in the notes to the financial statements.

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, assumptions and judgements

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 notes, 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.
- The annual depreciation charge is sensitive to the estimated useful economic lives of property. The useful economic lives of property, plant and equipment is initially based on the professional valuers report using their judgement and experience. The useful economic lives are assessed annually and changed when necessary to reflect current thinking on their remaining lives.

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

2. Donations and Capital Grants

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2019 £	Total 2018 £
ESFA - Capital Grant	-	-	14,471	14,471	5,912
Other Government - Capital grants	-	-	-	-	-
Other - Capital grants	-	-	-	-	-
Miscellaneous donations	-	407	-	407	16
	-	407	14,471	14,878	5,928
2018 total	-	16	5,912	5,928	

3. Funding for Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
DfE/ESFA Grants				
General Annual Grant (GAG)	-	684,330	684,330	672,119
Pupil premium	-	26,263	26,263	14,897
UIFSM	-	24,472	24,472	26,657
Other DfE/ESFA grants	-	28,767	28,767	20,757
	-	763,832	763,832	734,430
Other Government Grants				
LA funded statements	-	63,855	63,855	65,463
Teaching school	-	51,714	51,714	91,679
Nursery funding	-	67,419	67,419	-
Other government grants	-	-	-	-
	-	182,988	182,988	157,142
Catering	20,720	-	20,720	16,987
Nursery income	-	18,419	18,419	24,737
School fund income	17,540	17,165	34,705	21,000
School trips income	-	26,431	26,431	11,868
Science learning partnership	-	46,428	46,428	65,305
Schools direct	-	19,890	19,890	33,966
Other educational income	-	4,474	4,474	18,746
	38,260	1,079,627	1,117,887	1,084,181
2018 total	22,977	1,061,204	1,084,181	

4. Other Trading Activities

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Staff services income	3,091	-	3,091	3,773
Hire of facilities - lettings	3,658	-	3,658	2,759
Staff insurance receipts	-	1,845	1,845	-
	6,749	1,845	8,594	6,532
2018 total	6,532	-	6,532	

5. Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Bank interest receivable	-	-	-	-
	-	-	-	-
2018 total	-	-	-	

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

6. Expenditure	Staff Costs £	Non Pay Premises £	Expenditure Other Costs £	Total 2019 £	Total 2018 £
Cost of other trading activities	1,468	-	500	1,968	-
Academy's educational operations					
Direct costs	824,323	-	131,495	955,818	879,839
Allocated support costs	140,450	77,532	111,537	329,519	314,925
	<u>964,773</u>	<u>77,532</u>	<u>243,032</u>	<u>1,285,337</u>	<u>1,194,764</u>
	<u>966,241</u>	<u>77,532</u>	<u>243,532</u>	<u>1,287,305</u>	<u>1,194,764</u>
2018 total	<u>878,534</u>	<u>99,840</u>	<u>216,390</u>	<u>1,194,764</u>	
				2019	2018
				£	£
Net income/(expenditure) for the period includes:					
Depreciation				59,947	56,105
(Gain)/loss on disposal of fixed assets				-	-
Operating leases				776	960
Fees payable to current auditor					
- audit of the financial statements				5,315	5,855
- other assurance services				2,050	1,410
- other services				<u>195</u>	<u>-</u>

7. Cost of Other Trading activities	Unrestricted Funds £	Restricted Funds £	Total 2019 £	Total 2018 £
Staff costs	1,468	-	1,468	-
Letting expenses	500	-	500	-
	<u>1,968</u>	<u>-</u>	<u>1,968</u>	<u>-</u>
2018 total	<u>-</u>	<u>-</u>	<u>-</u>	

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

8. Charitable Activities	Unrestricted Funds	Restricted Funds	Total 2019	Total 2018
	£	£	£	£
Direct Costs - educational operations				
Teaching and educational support staff costs	-	824,323	824,323	731,435
Depreciation	-	41,702	41,702	39,030
Educational supplies	-	46,635	46,635	32,946
Staff development	-	24,089	24,089	55,441
Educational consultancy	-	7,250	7,250	5,735
Other direct costs	-	11,819	11,819	15,252
	-	955,818	955,818	879,839
Support Costs - educational operations				
Support staff costs	10,453	129,997	140,450	147,099
Depreciation	-	18,245	18,245	17,076
Maintenance of premises and equipment	-	22,216	22,216	21,165
Maintenance - capital projects	-	-	-	3,110
Professional Fees	-	880	880	-
Cleaning	-	1,352	1,352	1,295
Rates and water	-	11,111	11,111	5,120
Heat and light	-	10,820	10,820	8,792
Insurance	-	13,788	13,788	17,937
Transport	-	4,264	4,264	-
Catering expenses	6,642	8,454	15,096	13,268
Technology costs	-	4,276	4,276	2,210
Educational visits	-	27,319	27,319	18,989
School fund expenses	16,508	6,480	22,988	20,527
Other support costs	-	5,930	5,930	6,620
	33,603	265,132	298,735	283,208
Support Costs - governance				
Audit fees	-	5,315	5,315	5,855
Accountancy and assurance fees	-	2,245	2,245	1,410
Trustees' training and expenses	-	-	-	-
Legal and professional fees	-	17,224	17,224	23,266
Net finance costs in respect of defined benefit pension schemes	-	6,000	6,000	1,186
	-	30,784	30,784	31,717
Total direct and support costs	33,603	1,251,734	1,285,337	1,194,764
2018 total	21,609	1,173,155	1,194,764	

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

9. Staff

a. Staff costs

	2019	2018
	£	£
Staff costs during the period were:		
Wages and salaries	744,624	667,305
Social security costs	57,795	53,154
Operating costs of defined benefit pension schemes	153,471	154,942
Apprenticeship levy	-	-
	<u>955,890</u>	<u>875,401</u>
Supply staff costs	10,351	1,942
Staff restructuring costs	-	-
Staff seconded in / out of the organisation	-	-
	<u>966,241</u>	<u>877,343</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	-	-
Other restructuring costs	-	-
	<u>-</u>	<u>-</u>

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2018: £Nil).
Individually, the payments were £Nil

c. Staff numbers

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

	2019	2018
	No	No
Charitable Activities		
Management	2	2
Teachers	12	12
Administration and support	24	23
	<u>38</u>	<u>37</u>

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

d. Higher paid staff

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

	2019	2018
	No	No
£60,000 to £64,999	-	-
	<u>-</u>	<u>-</u>

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £177,509 (2018: £162,852).

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

10. Transfers Between Funds

2019
£**Restricted general funds**

General Annual Grant (GAG)

Lettings income surplus to GAG to cover costs not allocated and overspend	4,781
Designated catering surplus to GAG to cover unallocated costs	3,625
UIFSM and restricted catering surplus to GAG to cover unallocated costs	2,715
Transfer from Nursery fund to cover costs and GAG overspend	34,496
Unrestricted school funds transferred to GAG	1,489
Fixed asset purchases during the year	(6,350)

40,756

Nursery restricted fund (at year end restriction removed as service provided)

Transfer surplus to GAG to cover costs not allocated and GAG overspend	(34,496)
--	----------

Fixed asset purchases from school funds

(6,000)

UIFSM and restricted catering surplus to GAG to cover unallocated costs

(2,715)

(2,455)**Restricted fixed asset funds**

Fixed assets used for charitable purposes

Purchases from ESFA formula grant	12,508
Purchases from GAG	6,350
Purchases from school funds	6,000

24,858

ESFA formula grant to Fixed assets fund

Purchases of fixed assets used for charitable purposes	(12,508)
--	----------

Balance of Conditions Improvement Fund projects

-

(12,508)12,350**Unrestricted Funds**

Unrestricted school funds transferred to GAG

(1,489)

Lettings income surplus to GAG to cover costs not allocated and overspend

(4,781)

Designated catering surplus to GAG to cover unallocated costs

(3,625)

(9,895)

(9,895)

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**11. Related Party Transactions – Governors' remuneration and expenses**

One or more governors has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

Other governors did not receive any payments, other than expenses, from the academy in respect of their role as governors.

The value of governors' remuneration and other benefits for the period was as follows:

R Wilson (principal and governor)		
Remuneration	£50,000 to £54,999	(2018: £50,000 to £54,999)
Employer's pension contributions	£5,000 to £9,999	(2018: £5,000 to £9,999)
S Thexton (staff governor)		
Remuneration	£45,000 to £49,999	(2018: £45,000 to £49,999)
Employer's pension contributions	£5,000 to £9,999	(2018: £5,000 to £9,999)
C Barker (staff governor) - resigned August 2018		
Remuneration	N/A	(2018: £10,000 to £14,999)
Employer's pension contributions	N/A	(2018: £0 to £4,999)
S Noble (staff governor) - appointed February 2019		
Remuneration	£10,000 to £14,999	N/A
Employer's pension contributions	£0 to £4,999	N/A
R Ludlam (staff governor) - appointed February 2019		
Remuneration	£10,000 to £14,999	N/A
Employer's pension contributions	£0 to £4,999	N/A

During the year ended 31 August 2019, travel and subsistence expenses totalling £Nil were reimbursed to governors in respect of their governors roles, some staff receive travel expenses but only in relation to their teaching roles (2018: £Nil).

12. Governors and officers insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims for negligent acts, errors or omissions occurring whilst on academy business. The insurance for the year ended 31 August 2019 provides cover up to £5,000,000 (2018: £1,000,000) on any one claim and the cost for the year was £63 (2018: £139). The cost of this insurance is included in the total insurance cost.

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

13. Tangible Fixed Assets

	Leasehold Land & Buildings £	Plant & Machinery £	Furniture Fittings & Equipment £	ICT Equipment £	Total £
Cost					
As at 1 September 2018	1,594,231	177,920	52,268	65,544	1,889,963
Additions	-	-	20,380	4,478	24,858
Disposals	-	-	-	(24,767)	(24,767)
As at 31 August 2019	<u>1,594,231</u>	<u>177,920</u>	<u>72,648</u>	<u>45,255</u>	<u>1,890,054</u>
Depreciation					
As at 1 September 2018	196,317	79,611	31,885	53,321	361,134
Charge in year	34,644	11,510	6,710	7,083	59,947
Disposals	-	-	-	(24,767)	(24,767)
As at 31 August 2019	<u>230,961</u>	<u>91,121</u>	<u>38,595</u>	<u>35,637</u>	<u>396,314</u>
Net book values					
As at 31 August 2019	<u>1,363,270</u>	<u>86,799</u>	<u>34,053</u>	<u>9,618</u>	<u>1,493,740</u>
As at 1 September 2018	<u>1,397,914</u>	<u>98,309</u>	<u>20,383</u>	<u>12,223</u>	<u>1,528,829</u>

Valuation Details

The leasehold land and buildings and the plant and machinery integral to the building include valuations of £935,108 and £170,517 respectively made in 2011 by AT Snape RICs Registered Valuer, who is independent of the charitable company. The basis of valuation for the assets was Existing Use Value using a Depreciated Replacement Cost approach. This was for the inclusion of the items on conversion to an academy trust.

Leases

The school buildings are situated on land owned by the Carlisle Diocesan Board of Finance Limited (CDBF). A Church Supplemental Agreement has been signed giving the academy the right to occupy this land. The Church Supplemental Agreement gives the CDBF the right to terminate the agreement with two years notice. The governors have capitalised the leasehold land and buildings as they are not aware of any intention by the CDBF to serve notice in the future.

The playing fields are subject to a 125 lease with Cumbria County Council which commenced on 1st October 2011.

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

14. Stock	2019	2018
	£	£
Stationery	250	250
Cleaning	-	-
Clothing	-	-
	<u>250</u>	<u>250</u>

15. Debtors	2019	2018
	£	£
Trade debtors	-	-
VAT recoverable	4,424	8,630
Prepayments	6,710	6,379
Accrued income	4,330	4,488
Other debtors	1,573	3,341
	<u>17,037</u>	<u>22,838</u>

16. Creditors: Amounts falling due within one year	2019	2018
	£	£
Trade creditors	7,627	10,346
Taxation and social security	14,938	15,144
Sundry creditors	15,118	15,040
Loan	1,184	1,184
Accruals	16,100	8,599
Deferred income	50,422	70,382
	<u>105,389</u>	<u>120,695</u>

Deferred Income	2019	2018
	£	£
Accruals and deferred income includes:		
Deferred income at 1 September 2018	70,382	79,213
Resources deferred in the year	50,422	70,382
Amounts released from previous years	(70,382)	(79,213)
Deferred income at 31 August 2019	<u>50,422</u>	<u>70,382</u>

Deferred income comprises:

Universal Infants Free School Meals allocation for next year	14,276
High needs funding received in advance for next academic year	33,823
ESFA grant for rates 1 September 2019 to 31 March 2020	2,323
	<u>50,422</u>

17. Creditors: Amounts falling due after one year	2019	2018
	£	£
Loan	5,921	7,106
	<u>5,921</u>	<u>7,106</u>

Included within creditors are public benefit concessionary loans (Salix loan) from the ESFA which is provided on the following terms. Repayable by installments over 8 years with payments in arrears and are interest free.

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

18. Funds	Balance at 01-Sep 2018 £	Incoming resources £	Resources expended £	Gains, Losses and Transfers £	Balance at 31-Aug 2019 £
Restricted General Funds					
General Annual Grant (GAG)	2,182	684,330	(744,532)	40,756	(17,264)
Pupil Premium	-	26,263	(26,263)	-	-
Other ESFA grants	4,331	28,767	(33,098)	-	-
UIFSM and restricted catering	-	24,472	(21,757)	(2,715)	-
LA funded statements	-	63,855	(63,855)	-	-
Schools Direct	14,894	19,890	(34,784)	-	-
Nursery	6,349	85,838	(57,691)	(34,496)	-
Science Learning Partnership	20,985	46,428	(67,413)	-	-
Teaching School	12,192	51,714	(63,906)	-	-
Trips	770	26,431	(27,319)	-	(118)
School Funds	336	17,165	(6,480)	(6,000)	5,021
Other educational income	-	6,319	(6,319)	-	-
Other restricted general funds	-	407	(407)	-	-
	<u>62,039</u>	<u>1,081,879</u>	<u>(1,153,824)</u>	<u>(2,455)</u>	<u>(12,361)</u>
Restricted Fixed Asset Funds					
Fixed assets used for charitable purposes	1,528,829	-	(59,947)	24,858	1,493,740
ESFA formula capital	-	14,471	(1,963)	(12,508)	-
ESFA condition improvement funds	-	-	-	-	-
Other capital donations	-	-	-	-	-
	<u>1,528,829</u>	<u>14,471</u>	<u>(61,910)</u>	<u>12,350</u>	<u>1,493,740</u>
Restricted Pension Reserve Funds					
Pension reserve fund	(232,000)	-	(36,000)	(154,000)	(422,000)
Total Restricted Funds	<u>1,358,868</u>	<u>1,096,350</u>	<u>(1,251,734)</u>	<u>(144,105)</u>	<u>1,059,379</u>
Unrestricted Funds					
Unrestricted general funds	-	6,749	(1,968)	(4,781)	-
Designated school fund	932	17,540	(16,508)	(1,489)	475
Designated catering fund	-	20,720	(17,095)	(3,625)	-
Total Unrestricted Funds	<u>932</u>	<u>45,009</u>	<u>(35,571)</u>	<u>(9,895)</u>	<u>475</u>
Total Funds	<u>1,359,800</u>	<u>1,141,359</u>	<u>(1,287,305)</u>	<u>(154,000)</u>	<u>1,059,854</u>

Details of transfers are shown in an earlier note.

The academy trust is carrying a net deficit of £11,886 on restricted general funds (excluding pension reserve) plus unrestricted funds, this arose due to the following and the action to return these funds to surplus has been detailed:

- During the period 2018-19, the Academy had a high percentage of very experienced teachers who were at the top of their pay spines. Two teachers have since retired and have been replaced with lower costing staff, thus reducing staffing costs going forward.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of General Annual Grant (GAG) that it could carry forward at 31 August 2019.

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

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

General Annual Grant (GAG) fund

This represents the core funding for the educational activities of the school that has been provided to the academy via the Education and Skills Funding Agency (ESFA).

Pupil premium fund

This represents funding paid by the DfE to support disadvantaged students in their teaching and learning, with the aim of improving their attainment and closing the gap with more advantaged students.

Defined benefit pension scheme fund

This represents the deficit on the Local Government Pension Scheme (LGPS) at the year end. For details of the deficit payment plan see the pensions note.

Local authority funded statements

This represents funding from the Local Authority to pay for Learning Support Assistants who support the "statemented" special needs students.

UIFSM

This represents funding from the DoFE to fund school meals for all infant students

School Direct

School Direct Teacher Training Programme is run in collaboration with the University of Cumbria. Trainees are trained at our school and do their placements in local primary schools. We receive funding from the University of Cumbria for each trainee and use this money to pay for their training sessions and other School Direct expenses. School Direct must be totally self-sufficient and cover its own running costs.

Nursery

We took over the running of the village Nursery in April 2018. It has become increasingly popular since its arrival within school and numbers have increased. We receive income from the Local Authority for the Government's 30 hours Nursery funding and payment from individual parents for non-funded hours. Nursery income covers the cost of Nursery staff and all other related expenses. When we took on this venture we set up a separate fund so that we could have greater visibility of income and expenditure to ensure viability.

Science Learning Partnership

This is funded by The National STEM Learning Centre, based at the University of York. Monthly income is received from STEM and this covers the staffing costs involved in running it and other related expenses including CPD. Within our remit, the SLP delivers high quality CPD and supports other establishment's needs analysis. SLP must be totally self-sufficient and cover its own running costs.

Teaching School

As a National Teaching School, we are accountable for the funding we received from the Government and need to be able to accurately identify all income and expenditure for a return at the end of each year. It is important that Teaching School business continues identify all income and expenditure for a return at the end of each year. It is important that Teaching School business continues to be financially viable. This funding covers staffing, administration and expenses to aid delivery of the 6 Areas of Responsibility, to other teaching establishments.

ESFA condition improvement funds

This represents monies from the ESFA in relation to capital projects.

Fixed assets used for charitable purposes

This represents the value and movements on Tangible Fixed Assets note.

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

Funds in Deficit

The General annual grant fund was in deficit at the year-end. The academy is looking to reduce this in the future through costs savings over the next few financial years.

The pension reserve fund represents the deficit on the Local Government Pension Scheme (LGPS) at the year end. The academy has previously entered into an agreement effective from 01 April 2017 to make additional contributions in addition to normal funding levels. It is anticipated that the payments will be made over 16 years from 01 April 2017.

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

	Balance at 01-Sep 2017 £	Incoming resources £	Resources expended £	Gains, Losses and Transfers £	Balance at 31-Aug 2018 £
Restricted General Funds					
General Annual Grant (GAG)	98,833	672,119	(833,192)	64,422	2,182
Pupil Premium	-	14,897	(14,897)	-	-
Other ESFA grants	420	20,757	(16,846)	-	4,331
UFSM and restricted catering	-	26,657	(19,257)	(7,400)	-
LA funded statements	-	65,463	(65,463)	-	-
Schools Direct	20,556	33,966	(19,628)	(20,000)	14,894
Nursery	-	24,737	(675)	(17,713)	6,349
Science Learning Partnership	-	65,306	(22,424)	(21,897)	20,985
Teaching School	8,532	91,679	(28,243)	(59,776)	12,192
Trips	(217)	11,868	(18,989)	8,108	770
School Funds	-	15,010	(14,674)	-	336
Other educational income	-	18,746	(18,746)	-	-
Other restricted general funds	-	16	(16)	-	-
	<u>128,124</u>	<u>1,061,221</u>	<u>(1,073,050)</u>	<u>(54,256)</u>	<u>62,039</u>
Restricted Fixed Asset Funds					
Fixed assets used for charitable purposes	1,394,602	-	(56,105)	190,332	1,528,829
ESFA formula capital	-	5,913	-	(5,913)	-
ESFA condition improvement funds	122,400	-	-	(122,400)	-
Other capital donations	-	-	-	-	-
	<u>1,517,002</u>	<u>5,913</u>	<u>(56,105)</u>	<u>62,019</u>	<u>1,528,829</u>
Restricted Pension Reserve Funds					
Pension reserve fund	(260,000)	-	(44,000)	72,000	(232,000)
Total Restricted Funds	<u>1,385,126</u>	<u>1,067,134</u>	<u>(1,173,155)</u>	<u>79,763</u>	<u>1,358,868</u>
Unrestricted Funds					
Unrestricted general funds	-	6,532	-	(6,532)	-
Designated school fund	796	5,990	(5,854)	-	932
Designated catering fund	-	16,986	(15,755)	(1,231)	-
Total Unrestricted Funds	<u>796</u>	<u>29,508</u>	<u>(21,609)</u>	<u>(7,763)</u>	<u>932</u>
Total Funds	<u>1,385,922</u>	<u>1,096,642</u>	<u>(1,194,764)</u>	<u>72,000</u>	<u>1,359,800</u>

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

19. Analysis of Net Assets Between Funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	1,493,740	1,493,740
Current assets	475	98,949	-	99,424
Current liabilities	-	(105,389)	-	(105,389)
Non-current liabilities	-	(5,921)	-	(5,921)
Pension scheme liability	-	(422,000)	-	(422,000)
Total Net Assets	475	(434,361)	1,493,740	1,059,854

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

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	1,528,829	1,528,829
Current assets	932	189,840	-	190,772
Current liabilities	-	(120,695)	-	(120,695)
Non-current liabilities	-	(7,106)	-	(7,106)
Pension scheme liability	-	(232,000)	-	(232,000)
Total Net Assets	932	(169,961)	1,528,829	1,359,800

20. Commitments under operating leases

Operating Leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 £
Assets other than land & buildings		
Amounts due within one year	776	134
Amounts due between one and five years	905	-
Amounts due after five years	-	-
	1,681	134

21. Capital Commitments

	2019 £	2018 £
Contracted for, but not provided in the financial statements	4,000	-
	4,000	-

22. 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 for the Year Ended 31 August 2019 (continued)

23. 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 Your Pension Service (YPS) for Cumbria County Council. Both are multi-employer defined benefit schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions payable to the schemes at 31 August and included in creditors were as follows:

	2019	2018
	£	£
Teachers' Pension Scheme	9,578	9,935
Local Government Pension Scheme	5,474	5,100
	<u>15,052</u>	<u>15,035</u>

The total pension costs to the academy during the year ended 31 August and included in staff costs were as follows:

	2019	2018
	£	£
Teachers' Pension Scheme	72,773	63,667
Local Government Pension Scheme	43,425	41,378
Local Government Pension Scheme deficit recovery	7,273	7,083
LGPS current service cost/contributions adjustment	<u>30,000</u>	<u>42,814</u>
	<u>153,471</u>	<u>154,942</u>

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies 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 was 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%.

Notes to the Financial Statements for the Year Ended 31 August 2019 (continued)**23. Pensions and Similar Obligations (continued)**

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The latest valuation of the TPS reassessed the employer contribution rate at 23.6% and will be payable from 1 September 2019.

The employer's pension costs paid to TPS in the period amounted to £72,773 (2018: £63,667).

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 a 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.

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 were as follows:

	2019	2018
	£	£
Employer's contributions	50,698	48,533
Employees' contributions	14,609	13,996
Total contributions	<u>65,307</u>	<u>62,529</u>

The agreed contribution rates for future years are 16.7% for employers, and 5.5% - 12.5% for employees depending on pay bands.

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

At the balance sheet date the scheme is in deficit. The Academy has entered into an agreement effective from 1 April 2017 to make additional contributions in addition to normal funding levels. It is anticipated that the payments will be made over 16 years from 1 April 2017, including £7,000 for 2017/18, £7,200 in 2018/19 and £7,400 in 2019/20.

Impact of McCloud judgement

In 2015, the government introduced reforms to public sector pensions, meaning many public sector workers were moved into new pension schemes. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to members in these schemes amounted to unlawful discrimination. This case is known as McCloud.

The Supreme Court decision in June 2019 not to allow the government leave to appeal, means the difference in treatment needs to be remedied across all relevant schemes, including the Local Government Pension Scheme (LGPS).

At the present time the academy has not considered the impact of McCloud on pension liabilities and no additional annual FRS102 actuarial valuation has been obtained for disclosure in the trust's 2018/19 financial statements. The implications will be considered in the next scheme valuation for 31 August 2020.

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

23. Pensions and Similar Obligations (continued)

Local Government Pension Scheme (continued)

The principal actuarial assumptions are:

	At 31 August 2019	At 31 August 2018
Rate of increase in salaries	3.60%	3.60%
Rate of increase for pensions in payment / inflation	2.20%	2.20%
Discount rate for scheme liabilities	1.80%	2.80%
Inflation assumption (CPI)	2.10%	2.10%

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

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	23.3	23.2
Females	25.9	25.8
<i>Retiring in 20 years</i>		
Males	25.6	25.5
Females	28.6	28.5

Sensitivity analysis

The table below, as produced by Mercer sets out the impact of a small change in assumptions on the defined benefit obligation.

	At 31 August 2019		At 31 August 2018
	Deficit	Change	Deficit
Discount rate + 0.1%	403,000	(19,000)	219,000
Discount rate - 0.1%	441,000	19,000	
Mortality assumption - 1 year increase	439,000	17,000	244,000
Mortality assumption - 1 year decrease	405,000	(17,000)	
CPI rate + 0.1%	442,000	20,000	246,000
CPI rate - 0.1%	402,000	(20,000)	
Pay growth + 0.1%	425,000	3,000	

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

23. Pensions and Similar Obligations (continued)

Local Government Pension Scheme (continued)

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

	Fair value at 31 August 2019 £	Fair value at 31 August 2018 £
Equity instruments		
Equities	255,000	212,000
Debt instruments		
Government bonds	95,000	76,000
Other bonds	32,000	28,000
Property	30,000	40,000
Cash/liquidity	24,000	26,000
Other	91,000	55,000
Total Market Value of Assets	527,000	437,000
Present value of scheme liabilities		
Funded	(949,000)	(669,000)
Unfunded	-	-
Surplus / (deficit) in the scheme	(422,000)	(232,000)

The actual return on the scheme assets in the year was £37,000 (2018: £19,000).

None of the fair values of the assets shown above include any of the academy's own financial instruments or any property occupied by, or other assets used by, the academy.

Amounts recognised in the statement of financial activities

	2019 £	2018 £
Current service cost (net of employee contributions)	(81,000)	(86,000)
Net interest cost	(4,000)	(5,000)
Administration expenses	(2,000)	(1,000)
Benefit changes	-	-
Gain/(loss) on curtailment	-	-
Gain/(loss) on settlement	-	-
Total operating charge	(87,000)	(92,000)

Other recognised gains and (losses)

	2019 £	2018 £
Remeasurements (liabilities)	(177,000)	63,000
Remeasurements (assets)	23,000	9,000
Total amount recognised in the SOFA	(154,000)	72,000

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

23. Pensions and Similar Obligations (continued)

Local Government Pension Scheme (continued)

Changes in the deficit in the year:

	2019	2018
	£	£
Deficit in scheme at 1 September 2018	232,000	260,000
Current service cost	81,000	86,000
Interest cost	17,000	14,000
Employer contributions	(51,000)	(48,000)
Actuarial (gain)/loss - Remeasurements	154,000	(72,000)
Administration expenses	2,000	1,000
Interest income	(13,000)	(9,000)
Plan introductions, benefit changes, curtailments and settlements	-	-
Deficit at 31 August 2019	422,000	232,000

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

	2019	2018
	£	£
At 01 September 2018	(669,000)	(620,000)
Current service cost	(81,000)	(86,000)
Interest cost	(17,000)	(14,000)
Employee contributions	(15,000)	(14,000)
Actuarial gain/(loss) - Remeasurements	(177,000)	63,000
Benefits / transfers paid	10,000	2,000
Plan introductions, benefit changes, curtailments and settlements	-	-
Benefit obligation at 31 August 2019	(949,000)	(669,000)

Changes in the fair value of Academy's share of scheme assets:

	2019	2018
	£	£
At 01 September 2018	437,000	360,000
Interest income	13,000	9,000
Administration expenses	(2,000)	(1,000)
Actuarial gain/(loss) - Remeasurements	23,000	9,000
Employer contributions	51,000	48,000
Employee contributions	15,000	14,000
Benefits / transfers paid	(10,000)	(2,000)
Plan introductions, benefit changes, curtailments and settlements	-	-
Scheme assets at 31 August 2019	527,000	437,000

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

24. Related Party Transactions

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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, 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.

Related party transactions with staff governors are detailed in an earlier note.

25. Teaching School

	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Income				
Direct income		52		92
Other income		-		-
		<u>52</u>		<u>92</u>
Expenditure				
Staff costs	43		41	
Direct costs	20		9	
Training costs	<u>1</u>		<u>19</u>	
Total costs		(64)		(69)
Transfer between funds		-		(19)
Surplus / (Deficit)		<u>(12)</u>		<u>4</u>
Teaching school balance brought forward		12		8
Teaching school balance carried forward		-		12