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Company Registration Number: 07852122 (England & Wales)

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

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**



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

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**REFERENCE AND ADMINISTRATIVE DETAILS**

<b>Members</b>	Lorraine Doyle Sarah Shortt Rupert Bancroft Stephen Hadfield Steven Musson Nicola Roberts (resigned 13 February 2019) Harvey Smith George Turley (resigned 30 July 2019) Steven Bisoffi (appointed 12 December 2018)
<b>Trustees</b>	Lorraine Doyle, Chair of trustees Sarah Shortt, Vice chair of trustees Lucy Hillyard, Head Teacher (resigned 31 August 2019) Rupert Bancroft Stephen Hadfield, Parent trustee Joanna Jackson, Staff trustee Steven Musson Nicola Roberts, Parent trustee (resigned 13 February 2019) Harvey Smith Melissa West, Staff Trustee (resigned 31 August 2019) George Turley (appointed 12 September 2018, resigned 30 July 2019) Steven Bisoffi (appointed 12 December 2018)
<b>Company registered number</b>	07852122
<b>Company name</b>	Denefield School
<b>Principal and registered office</b>	Long Lane Tilehurst Reading RG31 6XY
<b>Company secretary</b>	Edmund Bradley
<b>Senior management team</b>	Lucy Hillyard, Headteacher Melissa West, Deputy Head Mike Boys, Assistant Head Karen Davis, Assistant Head Lindsay Holley, Assistant Head Lee Simpson, Director of Teaching and Learning
<b>Independent auditor</b>	James Cowper Kreston Chartered Accountants and Statutory Auditor Reading Bridge House George Street Reading RG1 8LS
<b>Bankers</b>	Lloyds Bank Plc Reading Branch PO Box 1000 BX1 1LT

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

**Solicitors**

Harrison Clark Rickerbys Solicitors  
Ellenborough House  
Wellington Street  
Cheltenham  
GL50 1YD

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

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The Trustees (Governors) present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2019. The annual report serves the purposes of both a Trustees' report and a Directors' report under company law.

The Academy Trust operates as a school for secondary school age children aged 11-19 years from the local area of Tilehurst and Purley. The school has student capacity of 1137 and had 1160 students on roll in the Autumn 2019 school census.

**Structure, Governance and Management**

**Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. It was incorporated on 1 January 2012 and opened as an Academy on 1 January 2012. The Charitable Company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. The Trustees of Denefield School are also the Directors of the charitable company for the purposes of company law. The charitable company operates as Denefield School.

Details of the trustees who served during the year and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

**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 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 cease to be a member.

**Trustees' Indemnities**

Trustees benefit from indemnity insurance to cover the professional liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy. The cost of this insurance in the year was £1,106 (2017/18: £1,084).

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

The Academy Trust may have the following trustees as set out in its Articles of Association and Funding Agreement:

- Up to seven trustees appointed by the members.
- Up to three co-opted trustees
- Any number of staff trustees, elected by a process determined by the Trust Board. The total number of staff trustees (including the Headteacher) cannot exceed one third of the total number of trustees.
- The Headteacher is treated for all purposes as an 'ex officio' trustee with the exception of all matters relating to the Headteacher's appointment.
- A minimum of two parent trustees, who are elected by parents of registered students at the Academy and who must be a parent of a student at the Academy at the time when they are elected.
- The term of office for any trustee, except for the Headteacher, is four years. Subject to remaining eligible any trustee may be reappointed or re-elected.
- Any additional trustees appointed by the Secretary of State for Education under Article 62, 62A or 68A.
- Any further trustees appointed by the Secretary of State for Education under Article 63 or 68A.

All trustees with the exception of staff trustees are members. When appointing new trustees, the Trust Board gives consideration to the skills and experience and the mix of its existing trustees in order to ensure the Board has the necessary skills to fully contribute to the Academy's development. All appointments are subject to a

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

satisfactory Disclosure and Barring Service (DBS) check.

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

Training and induction for new trustees is dependent on their previous experience. All new trustees meet with the Headteacher and the Chair of Trustees to discuss the role of the Trust Board, expectations of trustees, and the school's aims, purpose and context. New recruits receive a tour of the school and have the opportunity to meet staff and students. Induction training covers educational, legal and financial matters. New trustees receive copies of minutes, policies, guidance from the Charity Commission on the role of trustees and other documents necessary to undertake their role.

All trustees have access to the website for the National Governors' Association (NGA) and The Key for School Governors, and are expected to sign up to a Governors' Code of Conduct. During the year individual members of the Board have the opportunity to attend training courses provided by West Berkshire Council's Governors' Services and Reading Borough Council's Governors' Services on a range of topics.

**Organisational Structure**

The Trust Board's remit is to provide 'confident strategic leadership and to create robust accountability, oversight and assurance for educational and financial performance' (DfE Governance Handbook 2019).

The Trust Board's three core strategic functions are:

- to set the vision, ethos and strategic direction of the Academy,
- to hold the Headteacher to account for the educational performance of the Academy and its students and the performance management of staff; and
- to oversee the financial performance of the Academy and making sure its money is well spent.

The Trust Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures for committees and other groups. The Trust Board monitors the activities of the committees through reviewing minutes of meetings and it may establish working groups, from time to time, to perform specific tasks over a limited timescale.

The Trust Board has in place a scheme of delegation for governance functions to its three committees. The committees are: Finance, Pay, Premises and Audit Committee (FPPAC), Standards Committee and Co-ordinating Group. The responsibilities and delegations for each committee are outlined in the terms of reference which are published on the school's website. Each committee and the Trust Board meets six times per year. All meetings are minuted by the Clerk to Trustees who is an employee of the Academy.

The following decisions are reserved to the Board: to consider any proposals for changes to the status or constitution of the Academy, to determine its Committee structure, to appoint or remove the Chair and Vice Chair, to appoint the Headteacher and members of the senior leadership team, the Finance and Business Director and the Clerk to the Trustees.

The Board is responsible for: setting policy, devising a long-term strategic plan, adopting an annual development plan and budget, approving statutory accounts, appointment of the external auditor, monitoring budget performance and pupil performance information and staff appointments.

Financial management is delegated on a day-to-day basis to the Finance and Business Director (FBD) who also acts as Company Secretary for the Academy.

The Headteacher is appointed by the Trust Board and is a Trustee and Director of the Academy. The Headteacher acts as Accounting Officer and has delegated responsibility for the day to day management of the Academy. Under the direction of the Headteacher, the Senior Leadership Team (SLT) which consists of the Headteacher, the Deputy Headteacher, Director of Teaching & Learning and Strategic Partnerships, and three Assistant Headteachers manage the Academy, implement policies set out by the Board, provide feedback and professional advice to the Board. The Headteacher is responsible for the appointment of staff outside of the senior leadership team. The Headteacher and SLT are responsible for the authorisation of spending within agreed budgets which is set out in a scheme of delegation.

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

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

The Board reviews and agrees a Pay Policy for all staff annually. Pay and remuneration for all staff is managed through performance management reviews. Pay is linked to national pay scales and is benchmarked to other academies and the Local Authority.

The Headteacher's Performance Management Panel (HT PM) sets performance management objectives for the Headteacher annually which are linked to the Academy's key improvement priorities. The HT PM is made up of three trustees (who must have received training in performance management). The Chair of Trustees is a member of this panel. The remaining members of the panel are determined by the Trust Board at its first meeting of the academic year. Staff Trustees are not eligible to sit on this panel. The panel is supported by an external advisor, who is the School Improvement Partner.

The School Improvement Partner (SIP) advises the HT PM panel when reviewing the Headteachers' performance and when setting new performance targets. This meeting takes place before the 31st October in each academic year. The SIP meets with the Headteacher to review his/her performance, and to discuss provisional targets before meeting with the panel. Subsequently, the panel reviews the Headteachers' performance and sets targets for the coming year. Evidence is gathered from: the SIP's report, the Headteachers' self review of their performance and discussions with the Headteacher during the meeting. Subsequently, the panel makes a recommendation to FPPAC Trustees about a pay award.

The Headteacher determines performance management objectives for members of SLT which are also linked to the Academy's improvement priorities. During the year, line management meetings take place to ensure staff are on track to meet their objectives. The Headteacher is the line manager for all members of the SLT.

The Headteacher will present pay recommendations for members of SLT (in writing) to FPPAC based on performance against targets. When considering the Headteachers' recommendations, FPPAC will apply the criteria set out in the Teacher's Pay Policy when approving pay awards.

At the end of the year, all staff conduct a self-evaluation of their performance against their targets with supporting evidence and meet with their line manager to assess performance and pay entitlement. A SLT moderation meeting is held to consider performance and pay recommendations for all staff outside of the senior leadership team which is attended by a Trustee.

Staff pay awards are approved by FPPAC after considering recommendations made by the Headteacher. Decisions regarding each member of staff's pay are communicated in writing by the Headteacher. Decisions regarding the Headteacher's pay are communicated by the Chair of Trustees in writing.

All performance awards are made in the context of affordability and the constraints on the school's annual budget. Budgetary difficulties are not used, however, as a reason for withholding pay progression awards. The amount received from the specific government grant for performance pay each year will be supplemented (or not as determined by the Trust Board) from the school's own resources.

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

**Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union officials during the relevant period 2  
Full-time equivalent employee number 1.5

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	-
1%-50%	2
51%-99%	-
100%	-

Percentage of pay bill spent on facility time	£000
Total cost of facility time	1
Total pay bill	4,637
Percentage of total pay bill spent on facility time	<1%

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours 29%

**Related Parties and other Connected Charities and Organisations**

Denefield Nursery is a 100% subsidiary of the Academy, and the financial results of the Nursery have been consolidated in these financial statements. Denefield Nursery is a company limited by guarantee and a registered charity and is run on a not-for-profit basis. The Trust Board of the Academy is the only member of the company. The Nursery has three trustees and the day to day management of the Nursery is delegated to the Nursery Management Board ('NMB'). The NMB consists of the Director of Teaching and Learning of Denefield School, an educational professional and an early years specialist, both of whom are independent of the overall management of the Academy. The charitable objectives of Denefield Nursery are to provide childcare.

Denefield Nursery was closed at the end of December 2018 in order to prevent further financial loss, and this consolidated statement of accounts includes the financial figures for the four months to the closure date. The cumulative deficit of the Nursery at closure was £15,803 and was written off to Denefield School. Since the 1 January 2019 an independent nursery provider, Little Oaks Nursery, has run a new nursery from the same premises. This new third party arrangement has provided continuity for both the former Denefield Nursery staff, and the children who were attending the old Nursery.

A Register of Trustees' Business Interests is maintained by the Clerk to the Trustees. The register lists those organisations where a trustee or their spouse, partner or other member of their household has a direct personal interest, other personal interest or which they have a duty which could be seen as conflicting with their responsibilities to the school. Each trustee signs a new declaration of interests each year and is asked to declare any interests at the start of every Board meeting. No transactions with the Academy have been recorded on this Register or at meetings during the year or since the year end. Four trustees, of which two are parent trustees, have children at the Academy, and three are members of staff employed by the Academy. Parent and staff trustees are recorded on page 1 of these financial statements.

Denefield school is a member of the Berkshire Teaching Alliance (BTA), partnership of like-minded primary schools, one secondary and a specialist SEN school in the West Berkshire area. As a member of the BTA, the school provides initial teacher training.



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**TRUSTEES' REPORT (CONTINUED)**  
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The school also has strong collaborative links with partner primary schools in Tilehurst, Purley and Pangbourne. The school also has close links with Pangbourne College (an independent secondary school), Trinity School, Newbury and Langtree School, Woodcote.

There are no related parties which either control or significantly influence the decisions and operations of Denefield School.

**Objectives and Activities**

**Objects and Aims**

The objects of the Academy are to advance for the public benefit education in the locality, by maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

**Objectives, Strategies and Activities**

Our over-arching goal is to provide the best education possible for our students and to be the first choice of secondary school for our local community. Our key targets for 2018/19 were as follows:

- to secure better attainment and progress for all students by working to improve maths, English and science GCSE results.
- to raise the attainment for all groups of students (e.g. boys, pupil premium, high attaining (HATS)) in core subjects.
- to further improve the quality of teaching and learning by use of key teaching strategies: live marking, use of assessment methods, knowledge organisers and quizzing to build retention.
- to raise levels of student engagement and participation across the wider curriculum by focusing on: attendance, embedding CHARACTER values and prioritising positive mental health and well-being for all
- to ensure all leaders create a culture of high expectation and aspiration where the holistic development of each individual is a priority.
- to devise a unique identity for the sixth form by implementing opportunities for coaching.
- to avoid further financial loss by closing Denefield Nursery at the end of December 2018 and making the premises available to a third-party nursery provider. This will generate income for the Academy and ensure school staff continue to have access to local nursery provision.

The Trustees use the following key measures to assess the success of the annual school targets and the overall performance of the school:

- Examination results measured against targets set at the beginning of each academic year and against national benchmarks and Local Authority data sources
- Progress made against the School Development Plan and annual School Budget
- School Self-Evaluation Report, Headteacher reports to Trustees covering the main aspects of school operations and reports from School Improvement Partner
- Key performance indicators, such as the efficiency measures set out in the DfE's School Resource Management Self-Assessment toolkit, compared against local schools and national benchmarks.

**Public Benefit**

The Trust Board has complied with their duty to have due regard to the guidance on Public Benefit published by the Charity Commission in exercising their powers and duties. The activities undertaken to further the Academy's purpose for the Public Benefit include: the provision of education to all students of the school and the provision of support for students falling within the published criteria for deprivation.

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

**Strategic Report**

**Achievements and Performance**

During the year, we regularly monitor and evaluate our performance to identify areas of good practice and areas of under-performance. We employ a range of methods which include:

- professional support and challenge from an external school improvement partner
- rigorous tracking and monitoring of student performance data
- benchmarking our end-of-year results against DfE national data sources as well as local schools.

The results of our on-going self-evaluation inform our annual development plan. Trustees and senior leaders regularly review progress against the key priorities in the school development plan

We are committed to a programme of carefully planned improvements with a focus on securing excellent outcomes for our students. In 2018/19:

- 56% of students achieved the Basics indicator: 9-4 in GCSE English and Maths, (2017/18: 70%), and 36% achieved grades 9-5 (2017/18: 44%)
- 29% of students achieved the Ebacc suite of GCSEs with grades 9-4 (2017/18: 31%), and 19% achieved the Ebacc at grades 9-5 (2017/18: 18%), both metrics are above the national average.
- GCSE progress in non-Ebacc subjects was +0.08, (2017/2018 +0.27) which is above the national average.
- Outstanding GCSE results were achieved by several subjects, notably in Art, Design and Technology, Business and Hospitality and Catering.
- Our progress 8 score for GCSE is -0.24 (below national average) (2017/18: 0.03, in line with national average). We believe the 2018/19 results are a one-off issue and plans are in place to ensure performance recovers for 2019/20.
- The academy's GCSE Attainment 8 score was 44.23 (2017/2018 48.4), with the average GCSE grades across these eight subjects being 4.42 (2017/2018 4.84).
- 51% of students gained grades A\*-C at A-Level (2017/18: 71%). This is below the emerging national average of 73%.
- Outstanding A-Level results were achieved in Drama and Theatre Studies, Sociology and the Extended Project Qualification.
- Outstanding BTEC and other vocational Level 2 results were achieved by several cohorts, notably BTEC Sport and Level 2 Hospitality and Catering.
- 93% of students at BTEC Level 3 gained grades Distinction\*- Pass (2017/18 100%).
- Of the Y13 leavers, 48 students (55.8% of the cohort) went on to higher education. Of this group, five went to a Russell Group University. 30 students (34.9%) went into employment or training, five (5.8%) did a GAP year and three were 'unknowns' (3.5%).
- 161 of Year 11 students (93.6%) went into education, employment or training, including 87 (50.6%) who entered Denefield Sixth Form.
- The academy continued to invest in students' personal development through its wide range of enrichment activities, including trips and visits, and its CHARACTER awards and activities.
- Student attendance is 93.88% which is below national average (2017/18: 94.25% in line with national average).
- Applications for year 7 places for Sept 2019 remained strong, . We received 347 applications and, of these, 277 were first choice preferences, which represents a significant increase on the prior year (Sep 2018: 235)
- To respond to continuing demand, the school awarded, for the fifth year in succession, 200 places for entry into year 7 for September 2019 and has operated a waiting list for the 2019 entrants which peaked at 161.

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**TRUSTEES' REPORT (CONTINUED)**  
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**The Estate**

We have continued to maintain our site and buildings through a programme of planned maintenance and repairs. Major repairs were carried out to the roof of the sports equipment store, and to the steps to the netball courts, and the Edison Centre has been modified and now includes a new meeting room and office.

We secured capital funding of £192k from the DfE's Condition Improvement Fund 2019/20 to improve fire safety in some of the older buildings of the school, and a further £69k (due in Nov 2019) to replace ageing windows in both the Humanities block and the Gym. Funding for the windows project was awarded on appeal in July, and is not due to be completed until February 2020. In addition to grant funding, we have used £14k from our reserves and £23k from the IT revenue budget to support work of a capital nature this year.

To mitigate the impact of the Government's recent telecommunications new code of practice, we obtained DfE approval to transfer our two telecommunication masts to AP Wireless on a 40 year lease. In return the School will receive a total £110k over the next three years, which will be used for sports-related projects in line with DfE expectations. The first tranche of funding has been spent on replacing the gym floor.

**Going Concern**

The Trust Board believes 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 position**

Most of the Academy's revenue income comes in the form of recurrent grants from the Education and Skills Funding Agency (ESFA), and their use is restricted to particular purposes. The main revenue grants are General Annual Grant, Pupil Premium Grant and Teacher Pay Grant, which was a new grant in 2018/19. These grants and the associated expenditure are shown as restricted funds in the Statement of Financial Activities (SOFA).

Despite setting a balanced budget, 2018/19 was a financially challenging year which resulted in a reduction of £107k in working reserves. Although the impact of the higher than expected Teacher Pay Award in September 2018 was largely offset by the new Teacher Pay Grant, other financial pressures proved difficult to contain in spite of careful budget management. These included additional agency staff costs due to higher levels of staff absence, costs associated with fixed-term exclusions; and one-off costs linked to the closure of the nursery, as well as the usual increases in contract and suppliers prices and increases in employment costs. 2018/19 saw a further rise in student numbers which helped the Academy's financial position and reflects the continuing confidence in the Academy from our local community.

The operating deficit for 2018/19 was £107k (2017/18: surplus of £64k).

Total incoming resources for the year (including the pension fund and restricted fixed asset fund) were £6.345m (2017/18: £6.157m) and total resources expended were £7.437m (2017/18 £7.119m), with net expenditure for the year of £1.092m (2017/18: £0.962m) before actuarial adjustments.

Total incoming resources for the year (including the pension fund but excluding restricted fixed asset funds) were £6.080m (2017/18: £5.975m) and total resources expended were £6.420m (2017/18 £6.135m), with net expenditure for the year of £0.340m (2017/18: £0.160m) before actuarial adjustments. Of this net expenditure, £270k related to pension liability adjustments arising from our obligations to the Royal Berkshire Pension Fund.

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

**Financial position (continued)**

The Academy also received capital grants in 2018/19 including the annual devolved formula capital grant, which has been applied to smaller items of equipment and general refurbishment work, Condition Improvement Grant for work on fire safety improvements, and Additional Capital Grant. These grants are shown as Restricted Fixed Asset Funds in the SOFA. The balance of the Restricted Fixed Asset fund is reduced by the depreciation charges over the expected economic lives of the assets acquired using these funds.

As at the 31 August 2019, the net book value of fixed assets was £14.986m (2017/18: £15.760m). Incoming resources on the fixed asset fund totalled £0.265m (2017/18: £0.182m). Expenditure on depreciation was £1.017m (2017/18: £0.984m). The fixed assets held by the Academy are used exclusively for providing education and associated support services to the pupils of the Academy.

The total funds of the Academy at the 31 August 2019 were £12.793m (2017/18: £14.285m) comprising:

	2018/19 £000	2017/18 £000
Unrestricted Funds	496	430
Restricted General Funds	4	177
<b>Total 'operating' reserves</b>	<b>500</b>	<b>607</b>
Restricted Pension Liability Fund	(2,752)	(2,082)
Restricted Fixed Asset Fund	15,045	15,760
<b>Total funds</b>	<b>12,793</b>	<b>14,285</b>

Restricted funds will be spent in accordance with the terms of the particular funds. Unrestricted funds (arising mainly from the letting of the premises) are used for the general purposes of the Academy, at the discretion of the Trust Board. Funds carried forward will be used to support educational activities in the next academic year and beyond.

The deficit on the pension reserve relates to the Local Government pension scheme (LGPS) for non-teaching staff where separate assets are held to fund future liabilities as described in note 24. The deficit can be met in the longer term from any combination of increased employer or employee contributions, increased government funding or changes to scheme benefits. In the event of academy closure, Parliament have agreed a guarantee that any outstanding LGPS liabilities would be met by the Department for Education.

The Financial Management Policy, approved by trustees in March 2019, sets out key financial information and the Financial Procedures Manual sets out guidance to staff to ensure rigorous controls are in place to ensure probity and prevent fraud. Budget planning is cautious and risks are identified early so any corrective action can be implemented.

The following areas are reviewed by FPPAC trustees during the year:

- Review of finances: bank balance, cashflow, net current assets, in-year income and expenditure, pupil numbers for each year, teacher and support staff numbers and any financial commitments.
- Any variations from budget (income or expenditure) greater than 5% or £5,000 with explanations.
- Projected outturn for the year with information on any factors that might affect financial performance going forward.
- Level of reserves.

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**TRUSTEES' REPORT (CONTINUED)**  
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**Reserves Policy**

The Trust Board reviews the reserves policy of the academy annually. When determining an appropriate level of reserves, trustees review the type of income and expenditure streams, the need to match income with commitments, the nature of reserves, and the future plans of the Academy. They also consider the following risks:

- uncertainty over future grant funding and other income streams
- an unforeseen emergency or other unexpected needs for funds
- unforeseen operational costs such as employment of temporary staff to cover long term sickness absence or urgent maintenance.
- planned commitments including financial support for capital projects
- the need to fund potential expenditure that needs to be paid for before associated income is received.

The Trust Board have determined that the appropriate level of working reserves (defined as unrestricted funds and restricted funds excluding the fixed asset fund and pension reserve) should be between £450,000 and £550,000 equivalent to 7.4% to 9% of total incoming resources. The reason for this is to provide sufficient working capital to manage cash flow each month, to cover delays between spending and receipts of grants, and to provide a cushion to deal with unexpected costs.

The Academy's current level of working reserves is £500,000 (2017/18: £607,000), of which £496,000 (2017/18: £430,000) is unrestricted.

**Investment Policy**

The Trust Board's Investment Policy is to invest surplus funds with the minimum amount of risk. The FBD reviews current interest rates on bank savings accounts and advises the Trust Board accordingly. During the year up to £495,000 was held on deposit with Lloyds Bank Plc with periods of investment ranging from 32 days to one year to meet working capital requirements.

**Financial and Risk Management Objectives and Policies**

The Academy practises risk management principles through its Trust Board and the constituted committees. The Academy has a risk register identifying all major risks and controls in place to mitigate identified risks. The internal control systems and the exposure to risks are matters that are considered on a regular basis by management and the Trust Board through the review of the Risk Register and through the internal assurance process. Responsibility for each risk is allocated to either a committee or a senior leader.

**Principal Risks and Uncertainties**

The major risks to which the Academy is exposed, as identified by the Trust Board, have been reviewed, and systems and procedures have been established to manage those risks. The principal risks facing the Academy are:

- **Reputational risk** – the principal risk is a decline in student numbers and associated funding. This is mitigated by delivering high quality educational provision and by carefully monitoring and reviewing student performance and by maintaining effective communication with all stakeholders.
- **Performance risk** – the principal risk is poor external examination results. This is mitigated by rigorous monitoring and evaluation to ensure corrective action is taken early to tackle any issues.
- **Financial Risk** – the principal financial risks are a reduction in student numbers and government funding, unfunded increases in employment costs (such as pension costs), and unforeseen major capital repairs. These risks are mitigated by regular monitoring of current finances, longer term budget planning, and by seeking ways of progressively reducing expenditure to the minimum level compatible with sustaining academic standards, but efforts to bridge the emerging funding gap in three to four years time will need to continue. Through early identification of potential problems corrective action can be taken.

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

**Principal Risks and Uncertainties (continued)**

- **Staffing risks** – this is mitigated by plans for succession management, staff training and professional development, effective recruitment and clear contractual terms.
- **Legal and compliance risks** – these risks are mitigated by adequate insurance cover, policy review, legal review of new contracts and external HR support.
- **Fraud** – these risks are mitigated by robust internal financial controls.

All trustees have received training in safeguarding, and those involved in recruitment have undertaken training in Safer Recruitment. The Vice-Chair is the designated trustee with responsibility for Health and Safety.

**Fundraising**

Fundraising does not currently represent a significant source of income for the Academy. Parents/carers of students joining the school in year 7 are encouraged to financially support the school with a small regular or one-off donation, which is supplemented through gift aid. Requests for donations are not currently made to parents of students in other year groups. In addition, a small group of staff and parents organise a number of social events during the year to help raise funds for the school, and occasionally sponsorship arrangements are entered into with local companies. There were no complaints during the year relating to fundraising. The Academy does not engage the services of any professional fundraisers.

**Financial Instruments**

The Academy has various financial instruments including cash and items such as trade debtors and trade creditors that arise directly from its operations. The existence of these financial instruments exposes the Academy to a number of financial risks. The main risks arising from the financial statements are cash flow, interest rate risk and credit risk. The Academy seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely.

**Plans for the future**

Trustees and senior leaders devised a long- term vision for the school known as our 2021 vision. Our strategic vision is underpinned by four key objectives:

- Provide high quality learning via collaboration and partnerships
- To challenge all members of our learning community to achieve their best
- To provide strong governance to act as a driver for school improvement
- To create a unique identity for the school.

We are working towards achieving our key objectives, and our annual school action plan sets out for the year ahead the tasks we are working on in order to deliver on the key objectives. The school action plan has clear actions with specific and measurable success criteria and performance against the plan is monitored and evaluated by Trustees and senior leaders on a regular basis. The 2019/20 plan focuses on further improving student behaviour in and around the school and on strategies to improve GCSE and A level results.

**Auditor**

Insofar as the Trustees are aware:

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

The Auditor is considered for reappointment on an annual basis and has been reappointed by the Trust Board for the next year.

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

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 18 December 2019 and signed on its behalf by:

  
Lorraine Doyle  
Chair of Trustees

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

**GOVERNANCE STATEMENT**

**Scope of responsibility**

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

The board of Trustees has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Denefield School and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities on page 20. The Trust board has formally met 5 times during the year ended 31 August 2019.

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

Trustee	Meetings attended	Out of a possible
Lorraine Doyle, Chair	4	5
Sarah Shortt, Vice chair	5	5
Lucy Hillyard, Head Teacher & Accounting Officer	4	5
Rupert Bancroft	2	5
Stephen Hadfield, Parent trustee	4	5
Joanna Jackson, Staff trustee	5	5
Steven Musson	3	5
Nicola Roberts, Parent trustee	3	3
Harvey Smith	5	5
Melissa West, Staff Trustee	2	5
George Turley	2	5
Steven Bisoffi	2	4

The Finance, Pay, Premises and Audit Committee (FPPAC) is a committee of the Trust Board. Its purpose is to:

- to ensure sound management of the Academy's finances and resources, including proper planning, monitoring and propriety;
- to make appropriate comments and recommendations on such matters to the Trust Board on a regular basis;
- to consider issues which have implications for other committees and to make recommendations to the relevant committee;
- to review the annual statutory accounts, the work of the internal auditor and to meet with the external auditor once a year to review the annual statutory accounts.

Membership of FPPAC includes two Chartered Accountants. Attendance at the meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Lorraine Doyle (Chair)	6	6
Lucy Hillyard (Accounting Officer)	4	6
Sarah Shortt (Vice Chair)	6	6
Melissa West (Staff Trustee)	4	6



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

**GOVERNANCE STATEMENT (CONTINUED)**

**Governance (continued)**

Steven Bisoffi	1	2
Stephen Hadfield	5	6
George Turley	3	6

**Assessment and review of governance**

The Trust Board has an excellent mix of experienced, dedicated, and engaged trustees. Trustees are drawn from a variety of backgrounds from the local area: Accountancy, Higher Education, International Education Systems, Estate and Property Management, HR, the Armed Forces and Local Authority Governor' Services. Collectively, the Board has a very strong set of relevant skills and expertise to draw on when delivering governance and providing accountability at all levels.

Details of the structure of the Trust Board and how it conducts its work is included in the Organisational Structure section of this report. In the interests of transparency, the Board publishes an array of information on the school's website including: a register of business interests, individual pen profiles for each trustee, trustees' roles and individual areas of responsibility, attendance for each trustee, articles of association, DfE funding agreement and terms of reference for the Trust Board and its committees.

Trustees are knowledgeable and well informed and keep up to date with emerging developments by accessing training and from information supplied by senior leaders and a range of external sources including: National Governor's Association (NGA), DfE, Ofsted, and The Key for School Leaders and West Berkshire Council's Governors' Services and Reading Borough Council's Governors' Services.

The Trust Board is supported by a professional and highly competent clerk. Minutes are clear and provide a succinct summary of discussions and evidence of trustees' challenge and support. Good processes exist to ensure the work of the Trust Board and its committees is conducted effectively and efficiently. For example, annual planners for each committee are prepared for the year ahead and a mechanism for regular policy review ensures policies are reviewed on a timely basis. All trustees adopt a code of conduct and declare any business interests. Individual trustee attendance is monitored and reported annually on the school's website. Overall attendance is good.

This year the Trust Board has continued to monitor performance against the school's long-term strategic vision. Following our successful Ofsted inspection in 2018, the 2020 vision has been updated and replaced by a new vision for 2021. To ensure we are on track to make progress, our long-term key strategic priorities are reflected in our annual school action plan. Trustees and senior leaders rigorously monitor and evaluate school performance against the annual development plan as a means of driving and securing on going improvements to the school.

The subject leaders for Science and Religious Studies have reported to the Standards Committee on their curriculum area improvement priorities identifying actions and strategies which have impacted on student performance. Moreover, the subject leader for High Attaining Students has also reported on their role and responsibilities and the actions they have taken to further improve the educational experience for this group of students.

Trustees visit the school to perform their own monitoring and evaluation of school performance via a programme of planned visits. Results of these visits are discussed with senior leaders and action is taken to address any issues or areas of concern.

The Safeguarding Trustee has met with the designated safeguarding lead and the SEND Trustee has met with the senior leader who has responsibility for inclusion to discuss provision for students with special educational needs. The Health and Safety trustee conducts termly monitoring walks across the school estate.

The Trust Board has conducted a self-review of governance this year by assessing performance against the criteria in the Ofsted Education Inspection Framework and has judged performance to be good. In the interests of good practice and a commitment to further refine and hone the quality of governance, the Board has requested an external review of governance to be conducted by the DfE by joining its programme of Trust Board Observations. A date thus far has not been set for this.

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

**GOVERNANCE STATEMENT (CONTINUED)**

**Governance (continued)**

The Trust Board is fully committed and takes its remit and duties seriously. Trustees work in partnership with school leaders to create a culture and ethos of continuous improvement. The needs of students sit at the heart of the Board's work. Board meetings are conducted in an atmosphere of openness and trust, enabling honest dialogue with plenty of healthy debate as a means to finding effective solutions. There is an on-going dialogue during the year, between Trustees and senior leaders, concerning the school's key priorities for development and the nature of information (e.g. Headteacher reports, pupil performance information) provided by the school to support the on-going process of monitoring and evaluation of the Academy's work.

The Trust Board's remit is to provide 'confident strategic leadership and to create robust accountability, oversight and assurance for educational and financial performance' (DfE governance handbook 2019). Trustees are of the opinion that the Trust Board effectively discharges its core functions and statutory duties. By providing high quality strategic leadership, the Trust Board has had a positive impact on many aspects of the Academy's work and its overall performance.

**Review of value for money**

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

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

- **Improving educational outcomes.** The Academy's performance across a number of key indicators has continued to improve this year (see page 8).
- **Better purchasing.** Value for money is a key consideration in all spending decisions to help maintain the quality of teaching and educational outcomes against real term reductions in funding. Cost savings have been achieved by ensuring purchasing decisions are subject to best value principles via effective contract tendering market testing and benchmarking. Recent examples include the new cleaning contract which started in February 2019, the replacement of an ageing telephone system with a new digital system with lower running costs, and the renewal of the minibus leases at lower cost than previously.

To minimise use of agency supply costs, teaching staff and cover supervisors are utilised where it is possible to do so, and the continuing partnership with the Berkshire Teaching Alliance has helped to facilitate teacher recruitment. We continually review the deployment of staff and the staff structure to ensure the timetable and curriculum are delivered to maximum value.

- **Future income:** As the demand for places for year 7 entry continues, the Trust Board have admitted an additional 20 students over the standard admissions number (of 180) for a fifth year in a row. 200 students entered the school in year 7 in September 2019, and the number of sixth form entrants has also grown. This will increase income from September 2020.

All schools will receive new grant funding in 2019/20 in the form of teacher pension grant and increased teacher pay grant to contribute towards higher teacher employment costs, but initial modelling of 2019/20 formula funding suggests that the recently announced increase to £5,000 per secondary pupil will result in only a modest increase in funding.

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

**GOVERNANCE STATEMENT (CONTINUED)**

**Review of value for money (continued)**

We hope to emulate our success in 2018/19 in attracting Condition Improvement Funding by submitting a new bid under the scheme in the coming year. Priority for funding is given to health and safety and life-expired condition replacement projects and our bid in 2019/20 will focus on improvements to the school's boilers.

Following the transfer of our lettings function to a lettings management company in January 2019, we look forward to greater use of the school's facilities by the local community and efficiency improvements in the use of administration resources.

- **Reviewing controls and managing risks:** Financial governance and oversight is robustly carried out by FPPAC with major spending decisions subjected to close scrutiny. Internal assurance is carried out twice a year by our internal auditor, and their reviews have highlighted few management points or areas of concern. Income and expenditure is closely monitored against budget, and significant variances are reported to trustees. Despite the deficit in 2018/19, we have managed to set a balanced budget for 2019/20. Cashflow is regularly monitored and reviewed to ensure there is sufficient liquidity to cover short term spending obligations.
- **Lessons learned and areas for improvement:** The academy spends a significant amount of its budget on a range of contracts covering a wide number of services. Renewal of major contracts is subject to market-testing and a tendering process where appropriate to ensure best value is obtained, but there is further scope for increased use of purchasing frameworks and greater use of resources and tools available from the ESFA and elsewhere. The five year financial plan shows financial difficulties increasing in the longer term as employment costs increase and pupil numbers level off. A more integrated approach to curriculum financial planning will help mitigate these pressures without impacting on educational outcomes.

**The purpose of the system of internal control**

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

**Capacity to handle risk**

The Trust Board has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Trust Board is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Trust Board. In particular, management of risk takes place by:

- maintenance of a risk register in which key risks are identified and controls implemented to manage risk. The risk register is reviewed by the Trust Board and amended as necessary in light of significant changes.
- a range of policies and guidance which are available to all staff;
- regular reviews of policies and practices and self-evaluation; and
- mentoring of new staff and an organisational structure which supports staff in learning good practice.

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

**GOVERNANCE STATEMENT (CONTINUED)**

**The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- FPPAC trustees review finance reports provided by the FBD which indicate actual financial performance against budget and projected out turn, 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 Trust Board has considered the need for a specific internal audit function and has appointed James Cowper Kreston to carry out internal assurance work on behalf of the Trustees. This assurance work includes a range of checks performed twice a year on the Academy's financial systems and systems of internal control. Assurance work was performed in October 2018 and June 2019 and covered a number of areas including:

- testing of purchasing arrangements
- payroll and pension testing
- balance sheet reconciliations

No significant risks were identified from the assurance work during the year providing the Trust Board with the assurance that the Academy's financial control environment is adequate and effective. Any recommendations arising from the internal assurance work are considered by FPPAC and appropriate action taken as necessary.

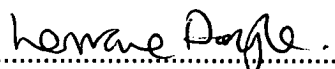
**Review of effectiveness**

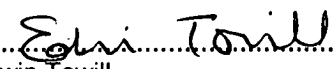
As accounting officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the internal assurance work carried out by James Cowper Kreston on behalf of the Trustees;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

No significant control issues have been identified during these checks. The Accounting Officer in conjunction with the FPPAC will however, continue to review and monitor internal controls with the aim of ensuring continuous improvements to the systems as and when necessary.

Approved by order of the members of the Trust Board on 18 December 2019 and signed on its behalf by:

  
.....  
Lorraine Doyle  
Chair of Trustees

  
.....  
Edwin Towill  
Accounting Officer

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

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

As accounting officer of Denefield School I have considered my responsibility to notify the academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the academy board of Trustees are able to identify any material irregular or improper use of all funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2018.

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



.....  
E Towill  
Accounting Officer  
Date: 18 December 2019

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

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

The Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Academies Accounts Direction published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the charitable company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

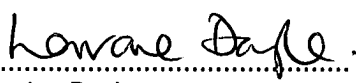
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the board of Trustees on 18 December 2019 and signed on its behalf by:

  
.....  
Lorraine Doyle  
Chair of Trustees

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

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
DENEFIELD SCHOOL**

**Opinion**

We have audited the financial statements of Denefield School (the 'parent academy') and its subsidiaries (the 'Group') for the year ended 31 August 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated balance sheet, the Academy balance sheet, the Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent academy's affairs as at 31 August 2019 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

**DENEFIELD SCHOOL**  
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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
DENEFIELD SCHOOL (CONTINUED)**

**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. Other information includes the Reference and administrative details, the Trustees' report including the 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.

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

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

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

- the parent academy has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent academy 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.



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

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
DENEFIELD SCHOOL (CONTINUED)**

**Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

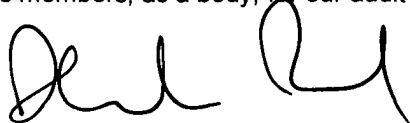
**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Use of our report**

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



Alexander Peal BSc (Hons) FCA DChA (Senior statutory auditor)  
for and on behalf of

**James Cowper Kreston**  
Chartered Accountants and Statutory Auditor  
Reading Bridge House  
George Street  
Reading  
RG1 8LS

18 December 2019

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

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

In accordance with the terms of our engagement letter dated 11 October 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Denefield School during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

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

The accounting officer is responsible, under the requirements of Denefield School's funding agreement with the Secretary of State for Education dated 13 August 2013 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**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's income and expenditure.

Our work on regularity included a review of the internal controls, policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the academy complied with the framework of authorities. We also reviewed the reports commissioned by the trustees to assess the internal controls throughout the year.

Specific work undertaken to draw to our conclusion includes:

- reviewing the minutes of the meetings of the Board of Governors and other evidence made available to us, relevant to our consideration of regularity;
- a review of the objectives and activities of the academy, with reference to the income streams and other information available to us as auditors of the academy;
- testing of a sample of payroll payments to staff;

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


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

- testing of a sample of payments to suppliers and other third parties;
- testing of a sample of grants received and other income streams.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and noncompliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**Conclusion**

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



**James Cowper Kreston**

Reading Bridge House  
George Street  
Reading  
RG1 8LS

Date: 18 December 2019

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

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

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>Income from:</b>						
Donations and capital grants	3	3	-	249	252	184
Charitable activities	4	11	5,934	-	5,945	5,708
Other trading activities	5	51	77	16	144	262
Investments	6	4	-	-	4	3
<b>Total income</b>		<b>69</b>	<b>6,011</b>	<b>265</b>	<b>6,345</b>	<b>6,157</b>
<b>Expenditure on:</b>						
Raising funds	7	1	80	-	81	195
Charitable activities	7,8	2	6,337	1,017	7,356	6,924
<b>Total expenditure</b>		<b>3</b>	<b>6,417</b>	<b>1,017</b>	<b>7,437</b>	<b>7,119</b>
<b>Net income/(expenditure)</b>		<b>66</b>	<b>(406)</b>	<b>(752)</b>	<b>(1,092)</b>	<b>(962)</b>
Transfers between funds	16	-	(37)	37	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>66</b>	<b>(443)</b>	<b>(715)</b>	<b>(1,092)</b>	<b>(962)</b>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	24	-	(400)	-	(400)	438
<b>Net movement in funds</b>		<b>66</b>	<b>(843)</b>	<b>(715)</b>	<b>(1,492)</b>	<b>(524)</b>

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

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

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Note					
<b>Reconciliation of funds:</b>					
Total funds brought forward	430	(1,905)	15,760	14,285	14,809
Net movement in funds	66	(843)	(715)	(1,492)	(524)
<b>Total funds carried forward</b>	<b>496</b>	<b>(2,748)</b>	<b>15,045</b>	<b>12,793</b>	<b>14,285</b>

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

The notes on pages 33 to 55 form part of these financial statements.

**DENEFIELD SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07852122**

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


	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	12	14,986	15,760
		<u>14,986</u>	<u>15,760</u>
<b>Current assets</b>			
Debtors	13	222	174
Cash at bank and in hand		822	995
		<u>1,044</u>	<u>1,169</u>
Creditors: amounts falling due within one year	14	(476)	(550)
<b>Net current assets</b>		<u>568</u>	<u>619</u>
<b>Total assets less current liabilities</b>		<u>15,554</u>	<u>16,379</u>
Creditors: amounts falling due after more than one year	15	(9)	(12)
<b>Net assets excluding pension liability</b>		<u>15,545</u>	<u>16,367</u>
Defined benefit pension scheme liability	24	(2,752)	(2,082)
<b>Total net assets</b>		<u><u>12,793</u></u>	<u><u>14,285</u></u>

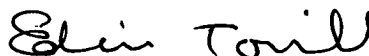
**DENEFIELD SCHOOL**  
(A company limited by guarantee)

**CONSOLIDATED BALANCE SHEET (CONTINUED)**  
**AS AT 31 AUGUST 2019**

	Note	2019	2019 £000	2018	2018 £000
<b>Funds of the academy</b>					
<b>Restricted funds:</b>					
Fixed asset funds	16	<b>15,045</b>		15,760	
Restricted income funds	16	<b>4</b>		177	
Restricted funds excluding pension asset	16	<b>15,049</b>		15,937	
Pension reserve	16	<b>(2,752)</b>		(2,082)	
<b>Total restricted funds</b>	16		<b>12,297</b>		13,855
<b>Unrestricted income funds</b>	16		<b>496</b>		430
<b>Total funds</b>			<b>12,793</b>		<b>14,285</b>

The financial statements on pages 26 to 55 were approved by the Trustees, and authorised for issue on 18 December 2019 and are signed on their behalf, by:

  
.....  
Lorraine Doyle  
Chair of Trustees

  
.....  
Edwin Towill  
Accounting Officer

The notes on pages 33 to 55 form part of these financial statements.

**DENEFIELD SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 07852122**

**ACADEMY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 AUGUST 2019**

	Note	2019 £000	2018 £000
<b>Fixed assets</b>			
Tangible assets	12	14,986	15,760
		<u>14,986</u>	<u>15,760</u>
<b>Current assets</b>			
Debtors	13	222	201
Cash at bank and in hand		822	967
		<u>1,044</u>	<u>1,168</u>
Creditors: amounts falling due within one year	14	(476)	(541)
<b>Net current assets</b>		<u>568</u>	<u>627</u>
<b>Total assets less current liabilities</b>		<u>15,554</u>	<u>16,387</u>
Creditors: amounts falling due after more than one year	15	(9)	(12)
<b>Net assets excluding pension liability</b>		<u>15,545</u>	<u>16,375</u>
Defined benefit pension scheme liability	24	(2,752)	(2,082)
<b>Total net assets</b>		<u><u>12,793</u></u>	<u><u>14,293</u></u>

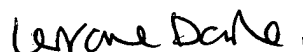


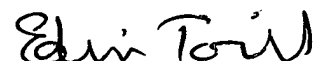
**DENEFIELD SCHOOL**  
(A company limited by guarantee)

**ACADEMY STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 AUGUST 2019**

	Note	2019 £000	2018 £000
<b>Funds of the academy</b>			
<b>Restricted funds:</b>			
Fixed asset funds	16	15,045	15,760
Restricted income funds	16	4	174
		<hr/>	<hr/>
Restricted funds excluding pension liability	16	15,049	15,934
Pension reserve	16	(2,752)	(2,082)
		<hr/>	<hr/>
<b>Total restricted funds</b>	16	12,297	13,852
<b>Unrestricted income funds</b>	16	496	441
		<hr/>	<hr/>
<b>Total funds</b>		<b>12,793</b>	<b>14,293</b>

The financial statements on pages 26 to 55 were approved by the Trustees, and authorised for issue on 18 December 2019 and are signed on their behalf, by:

  
.....  
Lorraine Doyle  
Chair of Trustees

  
.....  
Edwin Towill  
Accounting Officer

The notes on pages 33 to 55 form part of these financial statements.

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

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

	Note	2019 £000	2018 £000
<b>Cash flows from operating activities</b>			
Net cash (used in)/provided by operating activities	18	(181)	159
<b>Cash flows from investing activities</b>	20	11	(118)
<b>Cash flows from financing activities</b>	19	(3)	(3)
<b>Change in cash and cash equivalents in the year</b>		(173)	38
Cash and cash equivalents at the beginning of the year		995	957
<b>Cash and cash equivalents at the end of the year</b>	21	822	995

The notes on pages 33 to 55 form part of these financial statements

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

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

**1. Accounting policies**

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

**1.1 Basis of preparation of financial statements**

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

Denefield School meets the definition of a public benefit entity under FRS 102.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the academy and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the academy alone as permitted by section 408 of the Companies Act 2006.

**1.2 Company status**

The academy is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the academy being wound up, the liability in respect of the guarantee is limited to £10 per member of the academy.

**1.3 Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Group at the discretion of the Trustees.

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

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

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

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

**1. Accounting policies (continued)**

**1.4 Income**

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

- **Grants**

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Consolidated statement of financial activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

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

- **Donations**

Donations are recognised on a receivable basis where the receipt is probable and the amount can be reliably measured.

- **Other income**

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

**1.5 Expenditure**

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

- **Expenditure on raising funds**

This includes all expenditure incurred by the Group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

- **Charitable activities**

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

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

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

**1. Accounting policies (continued)**

**1.6 Going concern**

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy 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 has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**1.7 Basis of consolidation**

The financial statements consolidate the accounts of Denefield School and all of its subsidiary undertakings ('subsidiaries').

The academy has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and expenditure account.

The income and expenditure account for the year dealt with in the accounts of the academy was £1,101k deficit (2018 - £953k deficit).

**1.8 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised 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 Consolidated 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 Consolidated statement of financial activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

Freehold property	- 2% - 10% straight line
Furniture and fixtures	- 20% - 33% straight line
Computer equipment	- 20% - 33% straight line

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

**1.9 Operating leases**

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

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

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

**1. Accounting policies (continued)**

**1.10 Taxation**

The academy 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 is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**1.11 Debtors**

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

**1.12 Cash at bank and in hand**

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

**1.13 Pensions**

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Group 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 Consolidated 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.

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

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

**1. Accounting policies (continued)**

**1.14 Liabilities and provisions**

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**1.15 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 14 and 15. 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 the academy's wholly owned subsidiary are held at face value less any impairment.

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

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

**2. Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 24, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2018. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

**Depreciation**

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issue such as the remaining life of the asset and projected disposal values.

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

	Unrestricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Donations	3	-	3	2
Capital grants	-	249	249	182
<b>Total 2019</b>	<b>3</b>	<b>249</b>	<b>252</b>	<b>184</b>
<b>Total 2018</b>	<b>2</b>	<b>182</b>	<b>184</b>	

In 2018, £13,000 was restricted income and £182,000 was restricted fixed asset income.



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

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

**4. Funding for the academy's educational operations**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
<b>DfE/ESFA grants</b>				
General Annual Grant (GAG)	-	5,437	5,437	5,180
Other DfE/EFA grants	-	271	271	220
	-	5,708	5,708	5,400
<b>Other government grants</b>				
Local authority grants	-	28	28	13
	-	28	28	13
<b>Other income</b>				
Other income from educational activities	11	198	209	295
	11	198	209	295
<b>Total 2019</b>	11	5,934	5,945	5,708
<b>Total 2018</b>	11	5,697	5,708	

**5. Income from other trading activities**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Rental income	22	-	22	27
Hire of facilities	29	-	29	37
Nursery fees and grant	-	77	77	198
Other capital income	-	16	16	-
<b>Total 2019</b>	51	93	144	262
<b>Total 2018</b>	64	198	262	

In 2018/19, the amount received for nursery fees and grant reflects four months trading to the nursery closure at the end of December 2018. In 2017/18 trading continued for the whole year.

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

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

**6. Investment income**

	<b>Unrestricted funds 2019 £000</b>	<b>Total funds 2019 £000</b>	<b>Total funds 2018 £000</b>
Short term deposits	<u>4</u>	<u>4</u>	<u>3</u>

In 2018, £3,000 was unrestricted income and £Nil was restricted income.

**7. Expenditure**

	<b>Staff Costs 2019 £000</b>	<b>Premises 2019 £000</b>	<b>Other 2019 £000</b>	<b>Total 2019 £000</b>	<b>Total 2018 £000</b>
Expenditure on raising funds					
Direct costs	55	-	26	81	195
Educational operations					
Direct costs	4,189	-	603	4,792	4,363
Support costs	812	405	1,347	2,564	2,561
	<u>5,056</u>	<u>405</u>	<u>1,976</u>	<u>7,437</u>	<u>7,119</u>
Total 2018	<u>4,935</u>	<u>282</u>	<u>1,902</u>	<u>7,119</u>	

In 2018/19, the cost of raising funds was lower than 2017/18 because of the Nursery closure in December 2018.

Denefield's cleaning staff transferred to KGB Cleaning Services in February 2019. The costs of the cleaning contract between February and August 2019 (£80,249) are included in 'Premises costs'. In 2018 the equivalent costs were included in 'Staff costs'.

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

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

**8. Analysis of expenditure by activities**

	<b>Direct costs</b>	<b>Support</b>	<b>Total</b>	<b>Total</b>
	<b>2019</b>	<b>costs</b>	<b>funds</b>	<b>funds</b>
	<b>£000</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>
Academy's educational operations	4,792	2,564	7,356	6,924
	<u>4,792</u>	<u>2,564</u>	<u>7,356</u>	<u>6,924</u>
Total 2018	4,363	2,561	6,924	
	<u>4,363</u>	<u>2,561</u>	<u>6,924</u>	

**Analysis of support costs**

	<b>Total</b>	<b>Total</b>
	<b>funds</b>	<b>funds</b>
	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Staff costs	812	949
Depreciation	1,017	984
Technology costs	137	162
Recruitment	20	23
Premises costs	142	119
Cleaning	89	7
Rates	37	36
Energy	105	86
Insurance	32	34
Catering and welfare	29	27
Other support costs	58	54
Governance costs	31	22
Pension finance costs	55	58
	<u>2,564</u>	<u>2,561</u>
<b>Total 2019</b>	<b>2,564</b>	<b>2,561</b>

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

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

**9. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

	<b>Group 2019 £000</b>	<b>Group 2018 £000</b>	<b>Academy 2019 £000</b>	<b>Academy 2018 £000</b>
Wages and salaries	<b>3,780</b>	3,739	<b>3,733</b>	3,584
Social security costs	<b>343</b>	323	<b>341</b>	318
Pension costs	<b>778</b>	762	<b>772</b>	743
	<b>4,901</b>	4,824	<b>4,846</b>	4,645
Agency staff costs	<b>155</b>	111	<b>155</b>	111
	<b>5,056</b>	4,935	<b>5,001</b>	4,756

**b. Staff numbers**

The average number of persons employed by the Group and the academy during the year was as follows:

	<b>Group 2019 No.</b>	<b>Group 2018 No.</b>	<b>Academy 2019 No.</b>	<b>Academy 2018 No.</b>
Teachers	<b>64</b>	64	<b>64</b>	64
Administration and support	<b>80</b>	104	<b>80</b>	102
Management	<b>6</b>	6	<b>6</b>	8
	<b>150</b>	174	<b>150</b>	174

'Management' refers to members of the Senior Leadership Team. The reduction in the number of staff employed in 2018/19 compared with the previous year reflects the transfer of nursery staff to an independent provider in January 2019 and the transfer of cleaning staff to an external contractor in February 2019. The total average number of staff in 2018/19, excluding casual workers such as external exam invigilators and lunchtime supervisors, was 134.

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**9. Staff costs (continued)**

**b. Staff numbers (continued)**

The average headcount expressed as full-time equivalents was:

	<b>Group 2019 No.</b>	<b>Group 2018 No.</b>	<b>Academy 2019 No.</b>	<b>Academy 2018 No.</b>
Teachers	63	64	63	64
Administration and support	46	50	46	50
Management	6	6	6	6
	<b>115</b>	<b>120</b>	<b>115</b>	<b>120</b>

**c. Higher paid staff**

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

	<b>Group 2019 No.</b>	<b>Group 2018 No.</b>
In the band £60,001 - £70,000	2	1
In the band £70,001 - £80,000	1	1
In the band £90,001 - £100,000	1	1

**d. Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension and national insurance contributions) received by key management personnel for their services to the academy trust was £535,452 (2018: £560,005).

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

Net income/(expenditure) for the year includes:

	<b>2019 £000</b>	<b>2018 £000</b>
Depreciation of tangible fixed assets	<b>1,016</b>	<b>984</b>

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**11. Trustees' remuneration and expenses**

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

		<b>2019</b>	<b>2018</b>
		<b>£000</b>	<b>£000</b>
L Hillyard (Headteacher and Staff Governor)	Remuneration	<b>95 - 100</b>	<b>85 - 90</b>
	Employers' pension contributions	<b>15 - 20</b>	<b>10 - 15</b>
M West (Deputy Head and Staff Governor)	Remuneration	<b>70 - 75</b>	<b>65 - 70</b>
	Employers' pension contributions	<b>10 - 15</b>	<b>10 - 15</b>
J Jackson (Staff Governor)	Remuneration	<b>20 - 25</b>	<b>15 - 20</b>
	Employers' pension contributions	<b>0 - 5</b>	<b>0 - 5</b>

During the year ended 31 August 2019, no Trustees received any reimbursement of expenses (2018 - £nil) for work carried out as trustees.

**12. Tangible fixed assets**

**Group and Academy**

	<b>Freehold property £000</b>	<b>Furniture and fixtures £000</b>	<b>Computer equipment £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>				
At 1 September 2018	<b>20,878</b>	<b>708</b>	<b>448</b>	<b>22,034</b>
Additions	<b>14</b>	<b>207</b>	<b>21</b>	<b>242</b>
At 31 August 2019	<b>20,892</b>	<b>915</b>	<b>469</b>	<b>22,276</b>
<b>Depreciation</b>				
At 1 September 2018	<b>5,638</b>	<b>261</b>	<b>375</b>	<b>6,274</b>
Charge for the year	<b>890</b>	<b>110</b>	<b>16</b>	<b>1,016</b>
At 31 August 2019	<b>6,528</b>	<b>371</b>	<b>391</b>	<b>7,290</b>
<b>Net book value</b>				
At 31 August 2019	<b>14,364</b>	<b>544</b>	<b>78</b>	<b>14,986</b>
At 31 August 2018	<b>15,240</b>	<b>447</b>	<b>73</b>	<b>15,760</b>

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**13. Debtors**

	<b>Group 2019 £000</b>	<b>Group 2018 £000</b>	<b>Academy 2019 £000</b>	<b>Academy 2018 £000</b>
Trade debtors	14	12	14	7
Amounts owed by group undertakings	-	-	-	31
Other debtors	86	58	86	58
Prepayments and accrued income	122	104	122	105
	<b>222</b>	<b>174</b>	<b>222</b>	<b>201</b>

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

	<b>Group 2019 £000</b>	<b>Group 2018 £000</b>	<b>Academy 2019 £000</b>	<b>Academy 2018 £000</b>
Other loans	3	3	3	3
Trade creditors	158	263	158	262
Other taxation and social security	164	157	164	157
Other creditors	2	1	2	1
Accruals and deferred income	149	126	149	118
	<b>476</b>	<b>550</b>	<b>476</b>	<b>541</b>

	<b>Group 2019 £000</b>	<b>Group 2018 £000</b>	<b>Academy 2019 £000</b>	<b>Academy 2018 £000</b>
<b>Deferred income</b>				
Deferred income at 1 September 2018	44	55	44	55
Resources deferred during the year	57	44	57	44
Amounts released from previous periods	(44)	(55)	(44)	(55)
<b>Deferred income at 31 August 2019</b>	<b>57</b>	<b>44</b>	<b>57</b>	<b>44</b>

At the balance sheet date the academy trust was holding funds £22k received in advance for rates relief, £29k for school trips taking place in ay 2019/20, and £6k for other income.

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**15. Creditors: Amounts falling due after more than one year**

	<b>Group 2019 £000</b>	<b>Group 2018 £000</b>	<b>Academy 2019 £000</b>	<b>Academy 2018 £000</b>
Other loans	9	12	9	12

An interest free Salix loan of £24k was provided by the ESFA in 2013/14, repayable at £3k per annum. The loan will be fully repaid in 2022/23

**16. Statement of funds**

	<b>Balance at 1 September 2018 £000</b>	<b>Income £000</b>	<b>Expenditure £000</b>	<b>Transfers in/out £000</b>	<b>Gains/ (Losses) £000</b>	<b>Balance at 31 August 2019 £000</b>
<b>Unrestricted funds</b>						
General Funds	430	69	(3)	-	-	496
<b>Restricted general funds</b>						
General Annual Grant (GAG)	184	5,437	(5,580)	(37)	-	4
Other Dfe/ESFA grants	-	271	(271)	-	-	-
Other income	-	199	(199)	-	-	-
Nursery	(7)	76	(69)	-	-	-
SEN top-up	-	28	(28)	-	-	-
Pension reserve	(2,082)	-	(270)	-	(400)	(2,752)
	(1,905)	6,011	(6,417)	(37)	(400)	(2,748)



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

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
<b>Restricted fixed asset funds</b>						
Transfer on conversion	12,927	-	(891)	-	-	12,036
DfE/ESFA capital grants	419	249	(83)	-	-	585
Capital from GAG and other funds	2,414	-	(43)	37	-	2,408
AP Wireless capital income	-	16	-	-	-	16
	<u>15,760</u>	<u>265</u>	<u>(1,017)</u>	<u>37</u>	<u>-</u>	<u>15,045</u>
<b>Total Restricted funds</b>	<u>13,855</u>	<u>6,276</u>	<u>(7,434)</u>	<u>-</u>	<u>(400)</u>	<u>12,297</u>
<b>Total funds</b>	<u>14,285</u>	<u>6,345</u>	<u>(7,437)</u>	<u>-</u>	<u>(400)</u>	<u>12,793</u>

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

**Restricted funds**

The General Annual Grant (GAG) represents funding received from the Education and Skills Funding Agency during the period in order to fund the continuing activities of the school.

The pension reserve represents the Local Government Pension Scheme deficit. In the event of academy closure the outstanding LGPS liabilities would be met by the Department for Education. The trust is able to meet its current obligation to the pension fund, being the employer contributions.

**Restricted fixed asset funds**

DfE capital grants received in 2018/19 include Additional Capital Grant (£56k), Condition Improvement Grant (£169k) and Devolved Formula Capital Grant (£23k). Other fund income is represented by the first tranche of funding (£16k) under the new telecoms mast lease with AP Wireless.

The academy trust is carrying a net surplus of £500k (2018: £607k) on restricted general funds (excluding the pension reserve and fixed asset fund), plus unrestricted funds at 31 August 2019.

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

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
<b>Unrestricted funds</b>						
General Funds	362	78	(10)	-	-	430
<b>Restricted general funds</b>						
General Annual Grant (GAG)	179	5,179	(5,124)	(50)	-	184
Other DfE/ESFA grants	-	220	(220)	-	-	-
Other income	-	300	(300)	-	-	-
Nursery	2	198	(207)	-	-	(7)
Pension reserve	(2,246)	-	(274)	-	438	(2,082)
	<u>(2,065)</u>	<u>5,897</u>	<u>(6,125)</u>	<u>(50)</u>	<u>438</u>	<u>(1,905)</u>
<b>Restricted fixed asset funds</b>						
Transfer on conversion	13,191	-	(264)	-	-	12,927
DfE/ESFA capital grants	304	182	(67)	-	-	419
Capital from GAG and other funds	3,017	-	(653)	50	-	2,414
	<u>16,512</u>	<u>182</u>	<u>(984)</u>	<u>50</u>	<u>-</u>	<u>15,760</u>
<b>Total Restricted funds</b>	<u>14,447</u>	<u>6,079</u>	<u>(7,109)</u>	<u>-</u>	<u>438</u>	<u>13,855</u>
<b>Total funds</b>	<u>14,809</u>	<u>6,157</u>	<u>(7,119)</u>	<u>-</u>	<u>438</u>	<u>14,285</u>

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

**Analysis of net assets between funds - current year**

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	14,986	<b>14,986</b>
Current assets	496	489	59	<b>1,044</b>
Creditors due within one year	-	(476)	-	<b>(476)</b>
Creditors due in more than one year	-	(9)	-	<b>(9)</b>
Provisions for liabilities and charges	-	(2,752)	-	<b>(2,752)</b>
<b>Total</b>	<b>496</b>	<b>(2,748)</b>	<b>15,045</b>	<b>12,793</b>

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	15,760	<b>15,760</b>
Current assets	430	739	-	<b>1,169</b>
Creditors due within one year	-	(550)	-	<b>(550)</b>
Creditors due in more than one year	-	(12)	-	<b>(12)</b>
Provisions for liabilities and charges	-	(2,082)	-	<b>(2,082)</b>
<b>Total</b>	<b>401</b>	<b>(1,905)</b>	<b>15,760</b>	<b>14,285</b>

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

	<b>2019 £000</b>	<b>2018 £000</b>
Net expenditure for the year (as per Statement of financial activities)	<b>(1,092)</b>	<b>(962)</b>
<b>Adjustments for:</b>		
Depreciation	<b>1,016</b>	<b>984</b>
Capital grants from DfE and other capital income	<b>(249)</b>	<b>(182)</b>
Interest receivable	<b>(4)</b>	<b>(3)</b>
Defined benefit pension scheme cost less contributions payable	<b>214</b>	<b>216</b>
Defined benefit pension scheme finance cost	<b>56</b>	<b>58</b>
(Increase)/decrease in debtors	<b>(48)</b>	<b>64</b>
Decrease in creditors	<b>(74)</b>	<b>(42)</b>
Loss on the sale of fixed assets	<b>-</b>	<b>26</b>
<b>Net cash (used in)/provided by operating activities</b>	<b>(181)</b>	<b>159</b>

**19. Cash flows from financing activities**

	<b>Group 2019 £000</b>	<b>Group 2018 £000</b>
Repayments of borrowing	<b>(3)</b>	<b>(3)</b>
<b>Net cash used in financing activities</b>	<b>(3)</b>	<b>(3)</b>

**20. Cash flows from investing activities**

	<b>Group 2019 £000</b>	<b>Group 2018 £000</b>
Dividends, interest and rents from investments	<b>4</b>	<b>3</b>
Purchase of tangible assets	<b>(242)</b>	<b>(303)</b>
Capital grants from DfE Group	<b>249</b>	<b>182</b>
<b>Net cash provided by/(used in) investing activities</b>	<b>11</b>	<b>(118)</b>

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

	<b>Group</b> <b>2019</b> <b>£000</b>	<b>Group</b> <b>2018</b> <b>£000</b>
Cash in hand	<b>822</b>	995
<b>Total cash and cash equivalents</b>	<b>822</b>	995

**22. Contingent liabilities**

There are no contingent liabilities that require disclosure in the financial statements.

**23. 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.

**24. Pension commitments**

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

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

Contributions amounting to £74,000 were payable to the schemes at 31 August 2019 (2018 - £72,000) and are included within creditors.

**Teachers' Pension Scheme**

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

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**24. Pension commitments (continued)**

**Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. 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 actuarial valuation of the TPS 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%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The most recent valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08% giving a total employer contribution rate of 23.68%.

The employer's pension costs paid to TPS in the year amounted to £415,000 (2018 - £400,000).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £209,000 (2018 - £201,000), of which employer's contributions totalled £154,000 (2018 - £148,000) and employees' contributions totalled £ 55,000 (2018 - £58,000). The current contribution rate is 16.9% for employers and 5.5% to 12.5% for employees. The agreed contribution rates from April 2020 are still to be determined.

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

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**24. Pension commitments (continued)**

**Principal actuarial assumptions**

	<b>2019</b>	2018
	%	%
Rate of increase in salaries	<b>3.70</b>	3.80
Rate of increase for pensions in payment/inflation	<b>2.20</b>	2.30
Inflation assumption (CPI)	<b>1.85</b>	2.65

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

	<b>2019</b>	2018
	Years	Years
<i>Retiring today</i>		
Males	<b>22.1</b>	23.1
Females	<b>24.0</b>	25.2
<i>Retiring in 20 years</i>		
Males	<b>23.7</b>	25.3
Females	<b>25.8</b>	27.5

The Group's share of the assets in the scheme was:

	<b>At 31 August 2019 £000</b>	At 31 August 2018 £000
Equities	<b>1,151</b>	799
Debt instruments	<b>656</b>	670
Property	<b>261</b>	233
<b>Total market value of assets</b>	<b>2,068</b>	1,702

The actual return on scheme assets was £115,000 (2018 - £66,000).

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

	<b>2019 £000</b>	2018 £000
Current service cost	<b>(314)</b>	(364)
Past service cost	<b>(54)</b>	-
Interest income	<b>48</b>	40
Interest cost	<b>(104)</b>	(98)
<b>Total amount recognised in the Consolidated Statement of Financial Activities</b>	<b>(424)</b>	(422)

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**24. Pension commitments (continued)**

Past service costs of £54,000 relates to the recent McCloud judgement.

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

	2019 £000	2018 £000
<b>Opening defined benefit obligation</b>	<b>3,784</b>	<b>3,719</b>
Current service costs	317	364
Past service costs	54	-
Interest cost	102	97
Employee contributions	54	53
Actuarial losses/(gains)	467	(412)
Benefits paid	47	(37)
Liabilities assumed / (extinguished) on settlements	(5)	-
<b>Closing defined benefit obligation</b>	<b>4,820</b>	<b>3,784</b>

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

	2019 £000	2018 £000
<b>Opening fair value of scheme assets</b>	<b>1,702</b>	<b>1,473</b>
Interest income	48	40
Actuarial gains	67	26
Employer contributions	154	148
Employee contributions	54	53
Benefits paid	47	(37)
Administration expenses	(2)	(1)
Settlement prices received/(paid)	(2)	-
<b>Closing fair value of scheme assets</b>	<b>2,068</b>	<b>1,702</b>

**25. Related party transactions**

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

E Doyle, daughter of L Doyle, a trustee, is employed by the academy trust as a teacher. E Doyle's appointment was made in open competition and L Doyle was not involved in the decision-making process regarding appointment. E Doyle is paid within the normal pay scale for her role and receives no special treatment as a result of her relationship to a trustee.



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**26. Controlling party**

The ultimate controlling party is that of its trustees as detailed on page 1 of the financial statements.