

# **NEW ISLINGTON FREE SCHOOL**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

**31 August 2020**

**Company Limited by Guarantee Registration Number 07937849 (England and Wales)**



# **New Islington Free School (A Company Limited by Guarantee)**

## **Contents**

---

	<b>Page</b>
<b>Reference and administration details</b>	<b>1</b>
<b>Governors' report</b>	<b>2 - 13</b>
<b>Governors' statement</b>	<b>14 - 17</b>
<b>Statement of regularity, propriety and compliance</b>	<b>18</b>
<b>Statement of Governors' responsibilities</b>	<b>19</b>
<b>Independent auditors' report on the financial statements to the members of New Islington Free School</b>	<b>20 – 22</b>
<b>Independent reporting accountant's assurance report on regularity to New Islington Free School and the Education and Skills Funding Agency</b>	<b>23 – 24</b>
<b>Statement of Financial Activities incorporating Income and Expenditure Account</b>	<b>25</b>
<b>Balance sheet</b>	<b>26</b>
<b>Statement of Cash Flow</b>	<b>27</b>
<b>Statement of Accounting Policies</b>	<b>28 - 32</b>
<b>Notes to the financial statements</b>	<b>28 - 46</b>

# **New Islington Free School (A Company Limited by Guarantee)**

## **Reference and administrative details**

---

<b>Members</b>	Mr E M Watkins CBE Mr S V Leeming Mrs M C Bolton Dr M A Boulton Mr J H Headifen	
<b>Governors</b>	Mr E M Watkins CBE*, Chair of Governors Dr M A Boulton * Mr S Foster * Mrs L A Hamilton Mrs M C Bolton * Mrs S Bailey resigned 31/08/2020 Mrs A Ryan Mr R Cunningham * resigned 31/08/2020 Dr N Bhayankaram Mr A Shan * Mr R Goodaire Mr I Ussenuodoh Mrs T Smith (Ex Officio/CEO) Head Teacher * Members of the Finance, Resources, Health & Safety and Audit Committee	
<b>Senior Management Team</b>	Mrs T Smith Mrs P Millward Mrs L Woollacott Mrs S Bailey	Head Teacher and CEO School Business Manager Acting Deputy Head Acting Deputy Head
<b>Company Name</b>	New Islington Free School Ltd	
<b>Registered Office</b>	10 Hugh Oldham Way, Manchester, M4 6EY	
<b>Company Registered Number</b>	07937849 (England & Wales)	
<b>Independent Auditors</b>	Crowe U.K. LLP The Lexicon Mount Street Manchester M2 5NT	
<b>Bankers</b>	National Westminster Bank plc 182 Deansgate Manchester M2 3LY	
<b>Solicitors</b>	Womble Bond Dickinson LLP St Ann's Wharf 112 Quayside Newcastle upon Tyne NE1 3DX	

# **New Islington Free School (A Company Limited by Guarantee)**

## **Governors' Report For the year ended 31 August 2020**

---

### **Report**

The Governors present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The Annual report serves the purposes of both a Governors' report and a Directors' report under company law.

### **Structure, Governance and Management**

#### **Constitution**

New Islington Free School is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the Academy Trust. The charitable company is known as New Islington Free School Ltd (NIFS).

NIFS has entered into a funding agreement with the Department for Education, which provides a framework within which the School must operate. The principal object of the Academy is to advance, for the public benefit, education in the United Kingdom by leading and developing a school offering a broad and varied curriculum.

The Governors of NIFS are also the directors of the charitable company for the purpose of company law.

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

#### **Governors' indemnities**

The Academy Trust has purchased insurance to cover Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. Details of the costs can be found in note 11 of the accounts.

#### **Recruitment, Induction and Training of new Governors**

Governors are appointed for a four year period, however, this time limit does not apply to the Head Teacher. Subject to remaining eligible to be a particular type of Governor, any Governor can be re-appointed or re-elected.

#### **Parent Governor**

On re-election or appointment the vacancy is advertised by the School and all parents of pupils at the School can apply. If more than one nomination is received, an election by secret ballot is held so that all of the Academy parents can choose who will represent them on the Board of Governors. The term of office is 4 years.

#### **Staff Governor**

On re-election or appointment the vacancy is advertised by the School and all staff at the School can apply. If more than one nomination is received a secret ballot takes place. The term of office is 4 years.

# **New Islington Free School (A Company Limited by Guarantee)**

## **Governors' Report For the year ended 31 August 2020**

---

### **New Governors**

Existing Governors make recommendations to the Board. The Chair of Governors will then invite the candidate to discuss his/her nomination. The Chair will forward the nomination to the Board who will then hold a ballot. The newly appointed Governor will be introduced to the Board and the following procedures will take place.

New Governors are provided with an induction pack and other documents that they will need to undertake their role as Governors. Induction tends to be done informally by the Head Teacher and is tailored specifically to the individual. New Governors have a bespoke tour of the school, and are given the opportunity to ask questions about the role and remit of the committees.

Governors can attend 'New Governor Induction' training and other courses relevant to their specific areas of interest and the committees they sit on or wish to join. Advantage is taken of specific courses offered by other bodies. For example, in the Year 2019/20 Governors attended training on SEND. Two training sessions on data analysis and preparation for OFSTED were planned but were then cancelled due to COVID-19. Governors are invited to attend staff training days where subjects covered are relevant as well as supporting events such as Nativities and PTA events. The Clerk to the Governors keeps a log of courses attended and training is a standing Agenda item at the termly Full Governing Body Meeting. Governors' feedback regarding training is discussed at meetings. Initially new Governors join committees which contain experienced Governors who can offer assistance in their induction and who can provide mentoring as required.

### **Organisational structure**

The Governors, as Governors of the Academy Trust, are legally responsible for the overall management and control of the Academy Trust and the full governing body meets at least three times a year. An additional Extra-Ordinary Full Governing Body Meeting was held in August 2020 to review and agree the plans and risk assessments linked to the full opening of school in September 2020, following the partial closure due to COVID-19.

The work of implementing most of the Academy Trust's policies is carried out by four sub committees:

- The Finance, Resources, Health and Safety and Audit Committee (FRHS&A) which meets approximately two weeks before each meeting of the full Governing Body
- The Teaching & Learning / Pupil Performance Review Group
- The Remuneration Committee
- The Communication and Marketing Committee

All these sub committees meet at least termly, with the exception of the Remuneration Committee which meets twice yearly.

The day to day running of the Academy Trust is delegated to the Head Teacher and to the School Business Manager supported by a staff team with defined areas of responsibility.

### **Connected organisations including related party relationships**

The principal proposer of NIFS was The Manchester Grammar School (MGS) (registered charity number: 529909). NIFS shares a Chairman and Treasurer with MGS. Whilst the Trusts are separate and operate independently, the ethos and values of MGS are transferred to NIFS via this relationship. MGS provides educational support and guidance to NIFS at governance, management, teacher and pupil level as part of its public benefit activities as a charity.

### **Pay policy for key management personnel**

The remuneration of the School's senior leadership personnel - the Head Teacher, Deputy Head Teacher and Business Manager - are spot salaries determined annually by the Remuneration Committee. The salary awarded is informed by appraisal outcomes, the progress of children, benchmarking with other schools, the size of the school, and the need to recruit the best people.

# **New Islington Free School (A Company Limited by Guarantee)**

## **Governors' Report For the year ended 31 August 2020**

---

### **Vision and Mission Statement**

#### **NIFS Vision Statement**

To empower our children to approach all challenges and opportunities presented to them, with confidence and resilience.

#### **NIFS Mission**

We aim to achieve this by developing learners who:

- Understand the importance of our core values of respect, resilience, kindness and cooperation.
- Celebrate the cultural, religious and social diversity of our school community.
- Are enthusiastic, who are determined to excel, who rise to new challenges and embrace new experiences.
- Are confident, who have a sense of self respect, who feel secure and safe, and who have a sense of well-being – both physical and emotional.
- Are responsible and accountable, who understand their role within our school and the wider community.

#### **NIFS Strategy**

We aim to achieve this through:

- Having a common understanding of what 'excellence' looks like here at NIFS, and striving for nothing short of excellence in everything that we do.
- Ensuring that our children are safe and secure at all times, and that all adults fully understand the role that they play in safeguarding our children.
- Encouraging the school community (adults, children, parents, and Governors) to show high levels of Trust, respect and understanding, and to promote the school values.
- Developing a curriculum for excellence: ambitious, aspirational, relevant, and varied – a curriculum that supports all our pupils regardless of ability.
- Delivering this curriculum within a high quality and safe environment.
- Having high expectations for positive behaviour, supporting and encouraging those with additional needs through restorative approaches.
- Having a strong and well informed Governing Board.

### **Teaching and Learning**

The Governors and staff of NIFS endeavour to deliver an inspirational curriculum for all pupils. The school received its first Ofsted inspection in June 2015 and was judged Outstanding in all areas. The leadership team works tirelessly to ensure the school is self-reflective, and continues to develop in all areas. The main focus of the School Development Plan (SDP) in the academic year 2019/20 was as follows:

#### **SDP Priority 1: demonstrating our capacity to improve: Quality of Education**

To improve writing outcomes across the school with a particular focus in EYFS and Key Stage One

#### **SDP Priority 2: demonstrating our capacity to improve: Behaviour and Attitudes / Personal Development**

To support, strengthen and develop the social, emotional and mental health of our pupils and our adults

## **New Islington Free School (A Company Limited by Guarantee)**

### **Governors' Report For the year ended 31 August 2020**

---

#### **SDP Priority 3: demonstrating our capacity to improve: Leadership and management**

To develop a curriculum that is fit for purpose, and that is relevant, and rich in knowledge, understanding & skills

#### **SDP Priority 4: demonstrating our capacity to improve: Effectiveness of the Early Years**

To ensure our new pupils have the very best start to their school life.

#### **The Co-Curriculum: Enriching our Learners**

The staff and Governors understand the importance of providing rich and varied experiences for our pupils, both within lessons and outside the classroom.

The academic year 2019/20 saw the continuation of many new experiences for our pupils, first introduced last year.

**Sport:** This continues to be a real priority for the school. We have both a boys' and a girls' football team (with sponsorship from a local business.) We have established links with 'City in the Community' and benefitted from expert coaching in outdoor games. We have attended tournaments and sports fixtures. We have been awarded the School Games Award Bronze Level. We have introduced Year 6 Sports Ambassadors to work with the PE lead teacher and our lunchtime coaches.

Our links with 'City in the Community' continued during the lockdown period as the Coaches provided online activities and learning experiences to maintain physical and mental health, targeted at different age groups as well as the family as a whole.

**Music:** This year, we have continued our links with 'Band on the Wall' who sponsor the violin lessons for three of our pupils. Our strong link with the Royal Northern College of Music means that our pupils can learn the violin, cello, guitar, piano and also have Voice tuition. This link allows our pupils to listen to first class musicians and a vocalist who perform live in our school hall; an incredible experience for us all. Our Year 5 and 6 pupils performed as part of a larger Manchester Primary Schools Choir at Manchester Cathedral. We have a Gospel singer who works with our KS2 pupils generating enthusiasm through amazing singing.

Music too, continued during the lockdown period. The teachers from the Royal Northern College of Music provided online lessons, all fully risk assessed and meeting safeguarding guidelines. Band on the Wall provided violins and tin whistles and school signposted families to online 'live lessons'. School shared our supply of Ukuleles and guitars so pupils could learn a new skill during this period.

**Curriculum:** Every class each term has participated in workshops directly linked to the curriculum. Delivered by primary drama specialists the curriculum is brought to life in a memorable way. Each class has also gone on trips outside of school with direct links to their curriculum; the Year 6 pupils enjoy a two night Residential trip at the start of the year. Our links with MGS have allowed our pupils to participate in a wide range of workshops and musical experiences; our Year 4 pupils participated in a musical adventure that culminated in a concert for parents and families. We have introduced a new mathematics scheme which has challenged our pupils to think more creatively. We have refined our 'writing pathway' to ensure that all children are exposed to high quality texts.

During the lockdown period, we provided a wide range of relevant, interesting and varied online learning opportunities. Accessed via our website, Home Learning Grids provided a high level of challenge for all pupils. This work was supplemented by other links to websites. Teachers and Teaching Assistants wrote weekly to their classes and gave additional challenges and quizzes within these letters. In addition to these weekly letters, our more 'vulnerable' pupils were sent a bespoke letter each week with personalized challenges and learning opportunities. We ensured that all pupils had access to an online library of 1000s of books as well as free access to our mathematics scheme. We provided paper packs of work for those families who could not access the internet. Families emailed work in to teachers who gave personal feedback as well as giving recognition in the weekly letters.

## **New Islington Free School (A Company Limited by Guarantee)**

### **Governors' Report For the year ended 31 August 2020**

---

Clubs: The after school club provision continued in the Autumn and Spring terms, with children accessing dance and drama clubs, as well as a wide range of teacher and Teaching Assistant run clubs. We introduced more lunchtime clubs, focusing on the interests of the pupils. Music provision at lunchtime proved particularly popular, as well as our Nurture Club; both these had high numbers attending.

#### **Governance**

During the reporting year, the Board of Governors has continued to support and challenge the leadership team.

Support and Challenge within Teaching and Learning framework:

- Detailed analysis of internal data on a termly basis
- Governor walkabout during the school day
- Meeting parents and answering their questions
- Supporting the transition programme to High School
- Attending courses to increase understanding
- Involvement with the Quality Assurance visits carried out by the Local Authority
- Robust Performance Management meetings of the Head Teacher, working alongside the School Improvement Partner

Support and Challenge within the Finance, Health and Safety and Audit framework:

- Rigorous monitoring of the budget income and expenditure lines paying particular attention to any variances
- Scrutiny of the monthly management accounts
- Ensuring that the remit of the Academies Financial Handbook and any changes to such are carried out.
- Analysing bench-marking data, key financial performance indicators and measuring performance against these regularly, to ensure that everything that the school spends is focused on improving the outcomes for its pupils and therefore providing value for money.
- Ensuring that the Health and Safety Policy is maintained and that the school is a safe environment for its pupils, staff and visitors. Termly visits from the Governor responsible for Health and Safety who inspects the premises with the Head Teacher, Site Manager and School Business Manager.
- Ensuring there is a robust internal control framework in place – the Academies Financial Handbook requires Academy Trusts to put in place sound internal control, risk management and assurance processes, the Trust therefore has processes in place to check financial systems, controls, transactions and risks. The system of internal control includes the review and scrutiny by members of the FRHSA committee of, but not limited to:
  - Review of all skills and expertise of key staff and Governors; assessment and self-evaluation including, but not limited to, Head Teacher, School Business Manager, other staff with financial involvement and all Governors
  - Review of inspections, audit reports and assessments (Ofsted, external and internal audit, responsible officer / Governor reports)

#### **Objectives, Strategies and Activities during the period to August 2020**

NIFS is a safe, healthy and nurturing environment for all the children, their families and the community. All children are encouraged to believe in themselves, discover their own strengths and be the best that they can be through a stimulating, rich and varied curriculum.

The school has continued the exciting journey begun in 2018/19 with the new initiatives consolidated, alongside the School Development Plan's priorities summarised on page 4.

- To improve writing outcomes across the school with a particular focus in EYFS and Key Stage One
- To support, strengthen and develop the social, emotional and mental health of our pupils and our adults



## **New Islington Free School (A Company Limited by Guarantee)**

### **Governors' Report For the year ended 31 August 2020**

- 
- To develop a curriculum that is fit for purpose, and that is relevant, and rich in knowledge, understanding & skills
  - To ensure our new pupils have the very best start to their school life.

Further priorities this year have been:

Introducing phase leadership. This layer of middle management was new in September 2019 and brought a much needed sense of cohesion, continuity and consistency.

Developing the role of subject leader with a clear monitoring program as well as time to develop professionally.

Transforming the learning environment, with distinct Key Stage themes. Classrooms were 'designed' to be calm and orderly which helped our pupils to focus on their learning.

Ensuring all pupils with complex Special Educational Needs or Disability had appropriate support via Educational Health Care plans, as well as introducing Boxall Profiles for pupils with Social Emotional and Mental Health needs.

Introducing Forest School for our more vulnerable pupils.

#### **Managing COVID-19**

In order to support our more vulnerable families, we have participated in the national free school meals voucher scheme, acting as a facilitator for the distribution of vouchers from the scheme provider to the parents of eligible pupils. Whilst we have not incurred any exceptional costs or received any additional funding in respect of this scheme, the benefit for our families has been enormous. For the period of the scheme we have issued food vouchers to our families who are in receipt of free school meals.

During the lockdown period, we provided a wide range of relevant, interesting and varied online learning opportunities. Accessed via our website, Home Learning Grids provided a high level of challenge for all pupils.

This work was supplemented by other links to websites. Teachers and Teaching Assistants wrote weekly to their classes and gave additional challenges and quizzes within these letters. In addition to these weekly letters, our more 'vulnerable' pupils were sent a bespoke letter each week with personalized challenges and learning opportunities. We ensured that all pupils had access to an online library of 1000s of books as well as free access to our mathematics scheme. We provided paper packs of work for those families who could not access the internet. Families emailed work in to teachers who gave personal feedback as well as giving recognition in the weekly letters.

The financial and operational effects of the virus and the associated control measures relating to the virus were effectively managed so that the principal risks and uncertainties facing the Academy Trust during the reporting period were minimized.

#### **Future Objectives, Activities and Strategies in the light of COVID-19**

The future objectives, aims and activities of the Trust are being adapted in a dynamic manner to reduce the impact of any continuing virus control measures. The leadership team will continue to work closely with Governors to ensure that a broad and balanced curriculum is delivered in a safe environment.

The operations of the Trust will be managed in such a way as to reduce the impact in both the short and the long term. It is, however, expected that there will be adverse financial consequences for NIFS, for example the need to employ supply teachers during periods of self-isolation and the reduction in pupil numbers due to families returning to their home countries.

# **New Islington Free School (A Company Limited by Guarantee)**

## **Governors' Report For the year ended 31 August 2020**

---

### **Public benefit**

The Governors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission (on their website at [www.charitycommission.gov.uk](http://www.charitycommission.gov.uk)) in exercising their powers or duties.

In providing education to children in an area of Manchester with a basic needs (places) deficit, the Trust is providing Public Benefit. Children can access the facilities and provisions of the Academy Trust at no charge to their families. The only admissions criteria that differentiate between applicants are based on place of residence (distance from the Academy Trust) and siblings already on the school roll.

### **Pupil Attainment**

Due to COVID-19, and the absence of formal testing in 2020, our Key Stage 2 data set remains above National Average.

The school had a full Ofsted inspection in June 2015 with an overall 'Outstanding' grading.

### **Strategic Report**

#### **Key financial performance indicators**

The Trust monitors its key financial performance indicators and compares with other comparator schools using the Department for Education Benchmarking Report Card. This is to enable the Trust to understand how it is performing, and to monitor its performance when compared with peer organisations. This is to ensure that the Trust continues to provide value for money. Within 2019/20 the Academy Trust has continued to compare favourably with its comparator schools.

<b>Key financial performance indicators</b>	<b>2019/2020</b>
Total Staff Costs to EFA Revenue Income (%)	85%
Total Staff Costs to Total Income (%)	72%
Total Staff Costs as Proportion of Total Expense (%)	73%
Pupil Teacher Ratio	24.11
Average Teacher Cost (£)	48,826

Achievements are reported by the Head Teacher in the Trust's Value for Money statement.

Most of the Trust's income is obtained from the Department for Education in the form of grants, the use of which is restricted to particular purposes. The grants received from the Department for Education during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The Trust also received grants for fixed assets from the Department for Education. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charged over the expected useful life of the assets concerned.

During the year ended 31 August 2020, total expenditure of £1,907,085 was covered by grant funding from the Department for Education together with other incoming resources.

## **New Islington Free School (A Company Limited by Guarantee)**

### **Governors' Report For the year ended 31 August 2020**

---

The operating surplus for the year (excluding restricted fixed asset funds and pension charge of £76,000) was £58,020.

At 31 August 2020 the net book value of fixed assets was £5,879,077 and movements in tangible fixed assets are shown in note 12 to the accounts. The assets were used exclusively for providing education and the associated support services to the pupils of the Trust.

#### **Reserves Policy**

The Governors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors take into consideration the future plans of the Academy, future income streams and key risks identified during the risk review, and in particular, the COVID-19 situation which is expected to place our finances under considerable strain in 2020/21

Academies are expected to create contingency reserves from their annual GAG funding or other income. During the early years of operation GAG Funding levels create little opportunity to achieve a surplus to add to reserves. However, the Governors believe that a revenue reserve should be created to fund future expenditure related to the Academy Development Plan's strategic long-term aims and developments.

Currently, the DfE provides minimal funding by way of Devolved Formula Capital Grant. In addition academies are able to bid for a share of the Academies Capital Maintenance Fund. The Governors of New Islington Free School will require a capital reserve to be created to fund future capital expenditure.

The Governors consider the appropriate level of restricted and unrestricted revenue reserves for New Islington Free School to be £150,000. The balance at 31 August 2020 was £300,248. We aim to build reserves to accommodate future growth and facilities but remain concerned that the impact of COVID-19 may result in a deficit in 2020/21 which would utilise some of our accumulated reserves.

#### **Investment Policy**

A formal investment policy has not been adopted by the Trustees. The Trust does not consider the investment of surplus funds as a primary activity, rather as a result of good stewardship and as and when circumstances allow. The Trust will, after constructing and reporting forecasts versus budgets, consider whether it is prudent to deposit funds into an account where improved terms are offered. As improved terms are generally only offered where funds are invested for a fixed term, it may be prudent for the Trust not to invest funds in this manner.

#### **Fundraising**

The Academy had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

#### **Going Concern**

The NIFS Board of Governors is confident that the school has adequate resources and capacity to continue to grow and thrive for the foreseeable future.

Since opening, the school has grown year by year. The Governing Board closely monitors the New Islington Free School catchment area and monitors pupil demand and plans. Governors and the Head Teacher have worked closely throughout the period of school closure to monitor and address any changes in pupil numbers. Our pupil population is mobile and multicultural, and COVID-19 has had an impact as families returned to their family homes abroad or relocated away from the city centre. This is being kept under close review.

As our pupil numbers change, the Leadership team work hard to mitigate against any losses. As members of support staff leave, they may not be replaced. The Head Teacher has a regular teaching commitment, equivalent to one full day per week. The Deputy Head has a regular teaching commitment equivalent to 1.5 days per week. There are active plans to restructure our smaller classes moving forward.

# **New Islington Free School (A Company Limited by Guarantee)**

## **Governors' Report For the year ended 31 August 2020**

---

The Communications and Marketing Committee continues a successful marketing campaign to ensure numbers are maintained. The Finance, Resources, Health and Safety Committee closely monitors the budget and ensures that this is managed rigorously.

The Governing Board works closely with the Leadership team to ensure the school finances are rigorously managed, with effective budget monitoring and accurate budget forecasts.

The Head Teacher and Governors have made significant improvements to the facilities, so that the school remains an attractive choice for parents. We are investing in an astro-pitch to improve our outdoor facilities; this will have a positive impact on the pupils' everyday experiences of outdoor play and exercise, as well as promoting our school as having high quality provision for all pupils. Additional playground equipment has been added. We now have a wonderful Forest School area that is used throughout the week by groups of children.

The Head Teacher works closely with the Board to ensure a clear vision of excellence for the school. The Board of Governors ensure staffing at the school is stable.

### **Financial risk management objectives and policies**

During the year of operation, the Academy Trust's source of income is grant income from the ESFA and voluntary income and income from lettings. The only liabilities are the payroll, capital and educational costs associated with it operating a school at New Islington, Manchester. Revenue funding is provided on a formulaic basis by ESFA and paid in monthly instalments. Thus, potential inadequate cash flow represents a minimal risk. The Trust's General Annual grant for 2019/20 was estimated on the basis of the Academy Trust having 311 pupils on roll (through the revenue funding data collection) – the census in October 2019 confirmed the pupil count at 308.

### **Principal risks and uncertainties**

The Governors maintain a Risk Register which informs management decisions and the provisions in the Business Continuity Plan. Risks are categorised under the headings: Strategic, Educational, Compliance, Health, Safety and Welfare, Staff, Estate and Financial. Risks are scored on the basis of probability and impact and an overall Risk Score determined after taking account of control measures which mitigate the risk. On that basis, the most significant risks identified by the Governors are:

- Failure to plan for Acts of God and other significant external risks
- Failure to comply with all safeguarding duties
- Failure to comply with General Data Protection Legislation (GDPR)
- Failure to maintain site security at appropriate levels
- Failures associated with computers and associated software
- Failure to ensure that the financial systems of the school are secure

The Risk Register remains a working and live document and Governors work with the Senior Leadership Team to analyse whether there might be new risks that the Trust needs to consider.

The Head Teacher, School Business Manager, the Chair of Pupil Progress and Teaching and Learning and the Link Governor for Health & Safety and Safeguarding meet in the year to review and discuss whether the risk register should be updated.

In addition, the Risk Register is considered at each Finance, Resources, Health & Safety & Audit committee meeting.

## **New Islington Free School (A Company Limited by Guarantee)**

### **Governors' Report For the year ended 31 August 2020**

---

#### **Principal risks and uncertainties and COVID-19**

Governance and control arrangements, staffing levels and operations of the Academy Trust have not been affected by COVID-19. All committee meetings took place remotely and all Governor business was completed as expected and on time. Governors were kept up-to-date by the Head Teacher through regular updates, including the sharing and agreement of Risk Assessments.

We did not meet the qualifying criteria for the financial support scheme for schools scheme and have incurred no exceptional costs which are eligible for support. We did not furlough staff and have not claimed support under the Coronavirus Job Retention Scheme.

An additional financial pressure has been placed upon us due to COVID-19, where pupil mobility has greatly increased as families decide to live and work in very different ways.

As our pupil numbers change, the Leadership team work hard to mitigate against any losses. As members of support staff leave, they may not be replaced. The Head Teacher has a regular teaching commitment, equivalent to one full day per week. The Deputy Head has a regular teaching commitment equivalent to 1.5 days per week. There are active plans to restructure our smaller classes moving forward.

#### **Financial**

The School has considerable reliance on continued government funding through the ESFA. During the year, the School's incoming resources were ultimately government funded and whilst this level is expected to continue, for 2020/21, there is no assurance that government policy or practice will remain the same or that public funding will continue, at the same levels or on the same terms; especially in the light of COVID-19 and the impact this has had on the economy. This risk is managed by careful control over budgeted expenditure and monthly budget monitoring. NIFS produces monthly management reports so that Governors can monitor its financial results and have a more realistic outlook as to whether the budget will be met.

The Academies Financial Handbook sets out what the Trust's internal framework must include. In terms of aspects relating to finances this includes:

- coordinating the planning and budgeting processes
- applying discipline in financial management, including managing banking, debt and cash flow, with appropriate segregation of duties
- preparation of monthly budget monitoring reports

Management accounts allow the Trust to compare actual results to budgets and to establish where we might have over / under spent during the period. Regular re-forecasts enable the Trust to look ahead and determine where costs are too high, and therefore may need reducing, together with where there may be opportunities to capitalise on a better-than-expected income stream. Other benefits include:

- an understanding of why variances have arisen
- providing information about the level of costs, such as staff costs in relation to income and whether this is at a reasonable and sustainable level
- the provision of information to Trustees on the current financial performance of the Trust.

NIFS also has access to an experienced Treasurer who meets with the School Business Manager outside of Governor meetings to discuss resource and financial management.

# **New Islington Free School (A Company Limited by Guarantee)**

## **Governors' Report For the year ended 31 August 2020**

---

Funding arrangements for special educational needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years. This is in addition to the financial pressure placed upon us due to COVID-19, where pupil mobility has greatly increased as families decide to live and work in very different ways. The Governors examine the financial health formally every term, reviewing performance against budgets and overall expenditure by means of regular update reports at all full Governors' and Finance and Resources, Health and Safety and Audit Committee meetings. The Governors also ensure sufficient funds are held to cover all known and anticipated commitments. At the year-end, the School had no significant liabilities arising from trade creditors or debtors where there would be a significant effect on liquidity.

### **Pension liability**

The Board of Governors recognises that the defined benefit scheme deficit (Local Government Pension Scheme), which is set out in the financial statements, represents a significant potential liability. However, the Governors consider that the School is able to meet its known annual contribution commitments at present and the risk is kept under close review.

### **Other Risks**

Failures in governance and/or management - the risk in this area arises from potential failure to manage effectively the School's finances, internal controls and compliance with regulations and legislation. The Governors continue to review and ensure that appropriate measures are in place to mitigate these risks. A rigorous internal controls framework has been implemented and Tridan Business Concepts monitors the controls and procedures annually.

Reputational - the continuing success of the School is dependent on continuing to attract pupils in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Governors ensure that pupil success and achievement are closely monitored by the Teaching and Learning / Pupil Progress Committee.

Safeguarding and child protection - the Governors continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline. The Single Central Register is maintained by the Head Teacher and checked termly by the designated Safeguarding Governor. Systems and structures are in place to ensure Governors are fully informed of case studies, giving an overall picture of the needs of families and children.

Staffing - the continued success of the Academy is reliant on the quality of its staff and so the Governors work with the Head Teacher to monitor and review policies and procedures ensuring the very best staff are appointed. Once on the staff team, there is continued development and training. Succession planning is discussed by the Governing Body.

Fraud and mismanagement of funds - the School has appointed an Internal Controls Reviewer to carry out checks on financial systems and records as required by the Academy's Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

### **Future Plans**

During the academic year 2019/20, the Academy Trust increased in size - we now have 11 classes and will be at full capacity by 2022/23. The school leadership team will continue to work with Governors to ensure that the school facilities and resources can meet the needs of an increased number of pupils on site. The Leadership Team is aware of the demands of a growing school in terms of personnel and space; ongoing discussions with Governors take place to ensure internal and external facilities are fit for purpose for when the school is at full capacity.

### **Funds held as a custodian**

The Academy Trust does not hold any funds as Custodian on behalf of others.

## **New Islington Free School (A Company Limited by Guarantee)**

### **Governors' Report For the year ended 31 August 2020**

---

#### **Disclosure of information to auditor**

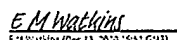
Each of the persons who is a Governor at the time when this Governors' report is approved has confirmed that:

- so far as that Governor is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Governor has taken all the steps that ought to have been taken as a Governor in order to be aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

#### **Auditor**

The audit firm Crowe U.K. LLP has been appointed as the Academy Trust's auditor. The audit report has therefore been issued by Crowe U.K. LLP.

This report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 10 December 2020 and signed on its behalf by:

  
E M Watkins (Dec 13, 2020 15:51 GMT)

**Mr E M Watkins CBE**  
Chair of Governors

## **New Islington Free School (A Company Limited by Guarantee)**

### **Governance Statement For the year ended 31 August 2020**

---

#### **Scope of responsibility**

As Governors, we acknowledge we have overall responsibility for ensuring that New Islington Free School has an effective and appropriate system of control, financial and otherwise.

However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Governors has delegated the day-to-day responsibility to the Head Teacher, 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 NIFS and the Secretary of State for Education. The Head Teacher is also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

#### **Governance**

The information on governance included here supplements that described in the Governors' report and in the Statement of Governors' responsibilities. The Board of Governors has formally met 4 times during the year. Attendance during the year at meetings of the Board of Governors were as follows:

<b>Governor</b>	<b>Meetings Attended</b>	<b>Out of a possible</b>
Mr E M Watkins CBE	4	4
Mrs M C Bolton	4	4
Mr S V Leeming	1	1
Mr S Foster	3	4
Mrs L A Hamilton	2	4
Mr J H Headifen	1	1
Dr M A Boulton	3	4
Mr R Cunnington	4	4
Mrs T Smith	4	4
Mrs S Bailey	4	4
Mr I Ussenudoh	4	4
Mr A Shan	3	4
Ms A Ryan	3	4
Dr Bhayankaram	2	4
Mr R Goodaire	2	4

The Finance Resources Health & Safety and Audit Committee is a sub-committee of the Board of Governors. Its purpose is to establish and monitor appropriate financial policies and procedures; to hold the Academy Trust's management to account for the proper conduct of the Academy Trust's financial activities; to ensure that all financial accounting and auditing is carried out properly. The Finance Resources Health and Safety and Audit Committee reports to the Board of Governors.



## New Islington Free School (A Company Limited by Guarantee)

### Governance Statement For the year ended 31 August 2020

---

Attendance at meetings in the year were as follows:

Governor	Meetings Attended	Out of a possible
Mrs T Smith	3	3
Mrs M C Bolton	3	3
Mr S Foster	2	3
Mr A Shan	2	3
Mrs G Batchelor (in attendance)	1	1
Mr E M Watkins CBE	3	3
Dr M A Boulton	2	3
Mr R Cunningham	2	3

#### Review of Value for Money

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

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

- Continuous and rigorous appraisal of options for all purchases and negotiation of services to school has been used to secure the best deal in terms of quality, effectiveness and cost. As required, alternatives were sought during the year. Extensive research into all aspects of school managed procurement for the school premises has resulted in excellent value for money.
- Additional sources of income have been investigated including letting the school for an income.
- Service Level Agreements are reviewed by the Head Teacher and the School Business Manager to ensure the best service at the best price.
- Establishment and maintenance of sound systems of financial governance, including sound and rigorous spending controls, up to date financial records, continuous financial monitoring and timely reporting. Every transaction is scrutinised to establish need and priority of the order as well as overall value for money; only then are orders placed with suppliers.
- The school offers a daily 'Wraparound Care' service to parents which is chargeable. Operating from the school hall from 7.45 am until school lessons start at 8.50 pm, and then from the end of the school day until 6.00 pm, this is a much appreciated and extremely well used facility for the working families that the school serves. Prices are reviewed annually. The wraparound provision is a good source of additional income that can be reinvested back into the school funds. Unfortunately, due to the impact of COVID-19 this income was reduced significantly as the wraparound provision was closed during the lockdown period.

## **New Islington Free School (A Company Limited by Guarantee)**

### **Governance Statement For the year ended 31 August 2020**

---

#### **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. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in New Islington Free School for the year 1st September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

#### **Capacity to Handle Risk**

The Board of Governors has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

#### **The Risk and Control Framework**

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

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

The Board of Governors has considered the need for a specific internal audit function and has decided to appoint Tridan Business Concepts Ltd as Internal Auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. The internal auditor reports to the Board of Governors on the operation of the systems of control and on the discharge of the Board of Governors' financial responsibilities.

During the period Tridan Business Concepts Ltd performed one visit which included a high level review of existing controls.

## New Islington Free School (A Company Limited by Guarantee)

### Governance Statement For the year ended 31 August 2020

---

#### Review of Effectiveness

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

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

The Accounting Officer has been advised of the review of the system of internal control report by the Finance Resources Health and Safety and Audit Committee and the plans to address any future weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Governors on 10th December 2020 and signed on their behalf, by:

E M Watkins  
E M Watkins (Dec 17, 2020 15:31 GMT)

**Mr E M Watkins CBE**  
Chair of Governors

Tabitha Smith  
Tabitha Smith (Dec 17, 2020 15:58 GMT)

**Mrs T Smith**  
Accounting Officer

## **New Islington Free School (A Company Limited by Guarantee)**

### **Statement of regularity, propriety and compliance For the year ended 31 August 2020**

---

#### **Statement of Regularity, Propriety and Compliance**

As Accounting Officer of New Islington Free School I have considered my responsibility to notify the Academy Trust Board of Governors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Academy Trust Board of Governors are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2019.

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

Tabitha Smith  
Tabitha Smith (Doc 12, 2019) (S&S QVT)

**Mrs T Smith**  
Accounting Officer

## **New Islington Free School (A Company Limited by Guarantee)**

### **Statement of Governors' Responsibilities For the year ended 31 August 2020**

---

#### **Statement of Governors' Responsibilities**

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

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

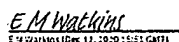
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the Board of Governors on Dec 12, 2020 and signed on its behalf by:

  
E M Watkins (Dec 12, 2020 15:51 GMT)

**Mr E M Watkins CBE**  
Chair of Governors

# **Independent auditors' report on the financial statements to the members of New Islington Free School (A Company Limited by Guarantee)**

**For the year ended 31 August 2020**

---

## **Opinion**

We have audited the financial statements of New Islington Free School for the year ended 31 August 2020 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Academies' Accounts Direction 2019 to 2020 issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis for opinion**

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

## **Conclusions relating to going concern**

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

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

## **Other information**

The Governors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

# **Independent auditors' report on the financial statements to the members of New Islington Free School (A Company Limited by Guarantee)**

**For the year ended 31 August 2020**

---

## **Opinion on other matter prescribed by the Companies Act 2006**

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

- the information given in the Governors' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Governors' report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the Governors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

## **Responsibilities of Governors**

As explained more fully in the Governors' responsibilities statement set out in pages 14 to 19, the Governors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the charitable company 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.

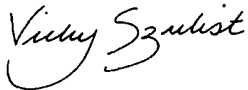
**Independent auditors' report on the financial statements to the members of  
New Islington Free School (A Company Limited by Guarantee)**

**For the year ended 31 August 2020**

---

**Use of our report**

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



Vicky Szulist  
Senior Statutory Auditor  
For and on behalf of  
**Crowe U.K. LLP**  
Statutory Auditor

The Lexicon  
Mount Street  
Manchester  
M2 5NT

Date: 18th December 2020



**Independent reporting accountant's assurance report on regularity to  
New Islington Free School (A Company Limited by Guarantee) and the  
Education and Skills Funding Agency**

**For the year ended 31 August 2020**

---

In accordance with the terms of our engagement letter dated 21 July 2015 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies: Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by New Islington Free School during the period 1 September 2019 to 31 August 2020 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 New Islington Free School and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to New Islington Free 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 New Islington Free School and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of New Islington Free School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of New Islington Free School's funding agreement with the Secretary of State of Education dated 21 May 2013 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Academy Trust's income and expenditure. The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the Academy and specific transactions identified from our review.

**Independent reporting accountant's assurance report on regularity to  
New Islington Free School (A Company Limited by Guarantee) and the  
Education and Skills Funding Agency**

**For the year ended 31 August 2020**

---

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

*Crowe UK LLP*

**Crowe U.K. LLP**  
Statutory Auditor

3rd Floor  
The Lexicon  
Mount Street  
Manchester  
M2 5NT

18th December 2020

# New Islington Free School (A Company Limited by Guarantee)

## Statement of Financial Activities (including the income and expenditure account)

For the year ended 31 August 2020

	Notes	Unrestricted general funds £	Restricted general funds £	Fixed assets funds £	Total funds 2020 £	Total funds 2019 £
<b>Income from:</b>						
Donations and capital grants	1	3,909	-	7,161	11,070	42,286
Charitable activities	2		1,640,940	-	1,640,940	1,451,686
Other trading activities	3	88,727	-	-	88,727	101,960
<b>Total income</b>		<b>92,636</b>	<b>1,640,940</b>	<b>7,161</b>	<b>1,740,737</b>	<b>1,595,932</b>
<b>Expenditure on:</b>						
Charitable activities	6	92,636	1,658,919	155,530	1,907,085	1,734,869
<b>Total expenditure</b>		<b>92,636</b>	<b>1,658,919</b>	<b>155,530</b>	<b>1,907,085</b>	<b>1,734,869</b>
<b>Net expenditure before other recognized gains and losses</b>		-	(17,979)	(148,369)	(166,348)	(138,937)
Gross transfers between funds	15	-	(10,285)	10,285	-	-
<b>Net movement in funds</b>		-	(28,264)	(138,084)	(166,348)	(138,937)
<b>Other recognized gains and losses</b>						
Actuarial losses on defined benefit pension scheme		-	(107,000)	-	(107,000)	(23,000)
<b>Net movement in funds</b>		-	(135,264)	(138,084)	(273,348)	(161,937)
<b>Reconciliation of funds:</b>						
Total funds brought forward		-	67,512	6,017,508	6,085,020	6,246,957
<b>Fund balances carried forward at 31 August 2020</b>		-	(67,752)	5,879,424	5,811,672	6,085,020

The notes on pages 28 to 46 form part of these financial statements

# New Islington Free School (A Company Limited by Guarantee)

## Balance Sheet Company No: 07937849

For the year ended 31 August 2020

	Notes	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Tangible assets	12		5,879,077		6,017,161
<b>Current assets</b>					
Debtors	13	53,927		75,954	
Cash at bank	18	<u>330,915</u>		<u>284,424</u>	
		384,842		360,378	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	14	<u>(84,247)</u>		<u>(107,519)</u>	
<b>Net current assets</b>			<u>300,595</u>		<u>252,859</u>
<b>Total assets less current liabilities</b>			6,179,672		6,270,020
Pension scheme liability	20		<u>(368,000)</u>		<u>(185,000)</u>
<b>Total net assets</b>			<u>5,811,672</u>		<u>6,085,020</u>
<b>The funds of the Academy Trust:</b>					
Restricted funds	15				
Restricted income funds			300,248		252,512
Restricted fixed asset fund			5,879,424		6,017,508
			<u>6,179,672</u>		<u>6,270,020</u>
Restricted income funds excluding pension funds					
Pension reserve			(368,000)		(185,000)
<b>Total restricted funds</b>			<u>5,811,672</u>		<u>6,085,020</u>
<b>Total funds</b>			<u>5,811,672</u>		<u>6,085,020</u>

The financial statements on pages 25 to 26 were approved by the Governors, and authorised for issue on 10<sup>th</sup> December 2020 and are signed on their behalf by:

E M Watkins  
E M Watkins (Dec 12, 2020 13:57 GMT)

Mr E M Watkins CBE  
Chair of Governors

Date: Dec 12, 2020

**New Islington Free School (A Company Limited by Guarantee)**

**Statement of Cash Flow**

**For the year ended 31 August 2020**

---

	Notes	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Net cash provided by/used in operating activities	17	56,776	52,003
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(17,446)	(69,179)
Capital grants from DfE/ESFA		7,161	40,260
<b>Net cash provided by investing activities</b>		(10,285)	(28,919)
<b>Change in cash and cash equivalents in the year</b>		46,491	23,084
Cash and cash equivalents brought forward		284,424	261,340
<b>Cash and cash equivalents carried forward</b>	18	330,915	284,424

---

# **New Islington Free School (A Company Limited by Guarantee)**

## **Notes to the financial statements**

**For the year ended 31 August 2020**

---

### **Statement of accounting policies**

#### **Accounting policies**

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

#### **Basis of preparation of financial statements**

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

#### **Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the Governors. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education 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 and include grants from the Department for Education.

#### **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 are included in the Statement of financial activities incorporating income and expenditure account 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 Statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised 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 are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

# **New Islington Free School (A Company Limited by Guarantee)**

## **Notes to the financial statements**

**For the year ended 31 August 2020**

---

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.

### **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.

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

All resources expended are inclusive of irrecoverable VAT.

### **Going concern**

The New Islington Free School Board of Governors is confident that the school has adequate resources and capacity to continue to grow and thrive for the foreseeable future.

Since opening, the school has grown by one class size each year reaching capacity by 2022/23. The Governing Board closely monitors the New Islington Free School catchment area and plan and deliver a successful marketing campaign.

The Governing Board works closely with the Leadership team to ensure the school finances are rigorously managed, with effective budget monitoring and accurate budget forecasts. Major uncertainty remains over future funding particularly with the impact of COVID.

The future objectives, aims and activities of the Trust are being adapted in a dynamic manner to reduce the impact of any continuing virus control measures. The leadership team will continue to work closely with Governors to ensure that a broad and balanced curriculum is delivered in a safe environment.

The operations of the Trust will be managed in such a way as to reduce the impact in both the short and the long term. It is, however, expected that there will be adverse financial consequences for NIFS, for example the need to employ supply teachers during periods of self-isolation and the reduction in pupil numbers due to families returning to their home countries.

As pupil numbers change, the Leadership team work hard to mitigate against any losses. The Head Teacher has a regular teaching commitment, equivalent to one full day per week. The Deputy Head has a regular teaching commitment equivalent to 1.5 days per week. There are active plans to restructure our smaller classes moving forward.

# **New Islington Free School (A Company Limited by Guarantee)**

## **Notes to the financial statements**

**For the year ended 31 August 2020**

---

### **Tangible fixed assets and depreciation**

All assets costing more than £5,000 are capitalised.

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

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Building	50 years
Fixtures and fittings	7 years straight line
Computer equipment	3 years straight line

### **Interest receivable**

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

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

### **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.

### **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.



# **New Islington Free School (A Company Limited by Guarantee)**

## **Notes to the financial statements**

**For the year ended 31 August 2020**

---

### **Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Academy 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.

### **Financial instruments**

The Academy only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Except for the Local Government Pension Scheme (LGPS) deficit, basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Stock, prepayments and deferred income do not constitute basic financial instruments.

The LGPS pension deficit is recognised at its new present value at each balance sheet date and is based on an actuarial valuation. The key judgements in performing this valuation can be found in note 20.

### **Pensions**

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pension over employees' working lives with the Academy 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. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore 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 scheme and the assets are held separately from those of the Academy Trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments.

They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the Statement of financial activities incorporating income and expenditure account 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.

# New Islington Free School (A Company Limited by Guarantee)

## Notes to the financial statements

For the year ended 31 August 2020

### Critical accounting estimates and areas of judgement

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

### Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

In the view of the Governors there are no further assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date that are likely to result in a material adjustment to their carrying amounts in the next financial year.

### 1. Income from donations and capital grants

	Unrestricted general funds	Restricted Fixed asset funds	Total funds 2020
	£	£	£
Donations	3,909	-	3,909
Capital grants	-	7,161	7,161
	<u>3,909</u>	<u>7,161</u>	<u>11,070</u>

	Unrestricted general funds	Restricted Fixed asset funds	Total funds 2019
	£	£	£
Donations	2,026	-	2,026
Capital grants	-	40,260	40,260
	<u>2,026</u>	<u>40,260</u>	<u>42,286</u>

# New Islington Free School (A Company Limited by Guarantee)

## Notes to the financial statements

For the year ended 31 August 2020

### 2. Income from charitable activities

	Unrestricted funds	Restricted funds	Total funds 2020
	£	£	£
<b>DfE/ESFA revenue grants</b>			
General Annual Grant (GAG)	-	1,375,711	1,375,711
Start up grants	-	-	-
Pupil Premium	-	64,635	64,635
Other DfE/ESFA	-	141,825	141,825
	-	1,582,171	1,582,171
<b>Other government grants</b>			
Local authority grants	-	58,769	58,769
	-	1,640,940	1,640,940
	Unrestricted funds	Restricted funds	Total funds 2019
	£	£	£
<b>DfE/ESFA revenue grants</b>			
General Annual Grant (GAG)	-	1,271,600	1,271,600
Start up grants	-	1,250	1,250
Pupil Premium	-	-	-
Other DfE/ESFA	-	149,177	149,177
	-	1,422,027	1,422,027
<b>Other government grants</b>			
Local authority grants	-	29,659	29,659
	-	1,451,686	1,451,686

# New Islington Free School (A Company Limited by Guarantee)

## Notes to the financial statements

For the year ended 31 August 2020

### 3. Other trading activities

	Unrestricted funds	Restricted funds	Total funds 2020
	£	£	£
Catering income	9,170		9,170
Other income	15,103		15,103
Wraparound income	55,544		55,544
Trip income	6,795		6,795
Lettings income	2,115		2,115
	<u>88,727</u>		<u>88,727</u>

	Unrestricted funds	Restricted funds	Total funds 2019
	£	£	£
Catering income	12,218		12,218
Other income	9,099		9,099
Wraparound income	69,296		69,296
Trip income	11,347		11,347
Lettings income	-		-
	<u>101,960</u>		<u>101,960</u>

### 4. Direct costs

	2020 £	2019 £
Educational supplies and services	76,651	136,838
Staff development	6,263	7,403
Wages and salaries	654,155	579,401
Depreciation	<u>155,530</u>	<u>165,343</u>
	<u>892,599</u>	<u>888,985</u>

# New Islington Free School (A Company Limited by Guarantee)

## Notes to the financial statements

For the year ended 31 August 2020

### 5. Support staff costs

	2020 £	2019 £
Technology costs	27,425	36,241
Other support costs	120,478	128,037
Premises costs	136,374	118,378
Legal costs	10,864	-
Professional services	67,668	50,232
Wages and salaries	651,676	512,995
	<u>1,014,485</u>	<u>845,884</u>

### 6. Expenditure

	Staff costs £	Premises £	Other Costs £	Total funds 2020 £	Total funds 2019 £
Direct costs	654,155	155,530	82,915	892,600	888,985
Support costs	651,676	136,374	226,435	1,014,485	845,884
	<u>1,305,831</u>	<u>291,904</u>	<u>309,350</u>	<u>1,907,085</u>	<u>1,734,869</u>

### 7. Net income/expenditure

This is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets:		
Owned by the charity	155,530	165,343
Auditors' remuneration	6,000	6,000
Other services	<u>825</u>	<u>810</u>

### 8. Auditors' remuneration

The auditors' remuneration consists of an audit fee of £6,000 and £825 for other services (2019 - £6000 for audit fee and £810 for other services)

# New Islington Free School (A Company Limited by Guarantee)

## Notes to the financial statements

For the year ended 31 August 2020

### 9. Staff costs

	2020 £	2019 £
Wages and salaries	963,659	776,399
Social security costs	83,869	67,383
Operating costs of defined benefit pension schemes	234,660	148,416
	<u>1,282,188</u>	<u>992,198</u>
Supply teaching costs	23,644	93,991
Staff restructuring costs	-	6,207
	<u>1,305,832</u>	<u>1,092,396</u>

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

	2020 £	2019 £
Teachers	14	13
Education support	21	17
Administration	4	4
Other staff	8	4
	<u>47</u>	<u>38</u>

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	-	1
In the band £70,001 to £80,000	<u>1</u>	<u>-</u>
	<u>1</u>	<u>1</u>

The above employee participated in the Teachers' Pension scheme. During the year ended 31 August 2020 pension scheme contributions amounted to £18,421 (2019 - £10,873).

The key management personnel of the Academy Trust comprise the Governors and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy Trust was £229,715 (2019 - £193,494).

# New Islington Free School (A Company Limited by Guarantee)

## Notes to the financial statements

For the year ended 31 August 2020

### 10. Governors' remuneration and expenses

One or more Governors has been paid remuneration or has received other benefits from an employment with the Academy Trust. The head teacher and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of head teacher and other staff members under their contracts of employment, and not in respect of their role as Governors.

The value of Governors' remuneration and other benefits was as follows:

	2020 £	2019 £
<b>Tabitha Smith, Head Teacher</b>		
Remuneration	75,000 - 80,000	65,000 - 70,000
Pension contributions paid	15,000 - 20,000	10,000 - 15,000
<b>Sarah Bailey</b>		
Remuneration	25,000 - 30,000	15,000 - 20,000
Pension contributions paid	5,000 - 10,000	0 - 5,000

During the year ended 31 August 2020 no Governors received any reimbursement of expenses (2019 - £nil).

### 11. Governors and officers insurance

The Academy Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business, and provides cover upto £10,000,000. It is not possible to quantify the Governors and officers indemnity element from the overall cost of the RPA scheme. The total cost of insurance for the year ended 31 August 2020 was £5,813 (2019: £5,620)

### 12. Tangible fixed assets

	Long term leasehold property	Fixtures and fittings	Computer equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 September 2019	6,293,907	133,853	194,224	6,621,984
Additions		7,620	9,826	17,446
At 31 August 2020	6,293,907	141,473	204,050	6,639,430
<b>Depreciation</b>				
At 1 September 2019	375,857	58,667	170,299	604,823
Charge for the year	124,966	19,394	11,170	155,530
At 31 August 2020	500,823	78,061	181,469	760,353
<b>Net book value</b>				
At 31 August 2020	5,793,084	63,412	22,581	5,879,077
At 31 August 2019	5,918,050	75,186	23,925	6,017,161

# New Islington Free School (A Company Limited by Guarantee)

## Notes to the financial statements

For the year ended 31 August 2020

### 13. Debtors

	2020 £	2019 £
Other debtors	12,662	21,427
Prepayments and accrued income	41,265	54,527
	<u>53,927</u>	<u>75,954</u>

### 14. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	224	39,591
Accruals and deferred income	68,289	67,928
ESFA creditors: abatement of GAG (pupil number adjustment)	15,734	-
	<u>84,247</u>	<u>107,519</u>

	2020 £	2019 £
Deferred income at 1 September 2019		
Deferred income at 1 September	47,737	38,739
Resources deferred during the year	50,528	47,737
Amounts released from previous years	<u>(47,737)</u>	<u>(38,739)</u>
Deferred income at 31 August 2020	<u>50,528</u>	<u>47,737</u>

Deferred income at 31 August 2020 includes £7,706 of business rates. Wraparound income of £2,622 received after school closure due to COVID pandemic in March and £40,200 of universal infant free meal income. All the amounts were received before 31 August 2020 but relate to the year ended 31 August 2021.

### 15. Funds

	At 1 September 2019 £	Income £	Expenditure £	Gains, losses and transfers £	At 31 August 2020 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	203,732	1,375,711	(1,317,690)	(10,285)	251,468
Pupil premium	-	64,635	(64,635)	-	-
Other grants	48,780	200,594	(200,594)	-	48,780
Pension reserve	(185,000)	-	(76,000)	(107,000)	(368,000)
	<u>67,512</u>	<u>1,640,940</u>	<u>(1,658,919)</u>	<u>(117,285)</u>	<u>(67,752)</u>



# New Islington Free School (A Company Limited by Guarantee)

## Notes to the financial statements

For the year ended 31 August 2020

	At 1 September 2019	Income	Expenditure	Gains, losses and transfers	At 31 August 2020
	£	£	£	£	£
<b>Restricted fixed asset funds</b>					
Restricted fixed asset funds	6,017,161	-	(148,740)	10,285	5,878,706
Devolved Capital Funding	347	7,161	(6,790)	-	718
	<u>6,017,508</u>	<u>7,161</u>	<u>(155,530)</u>	<u>10,285</u>	<u>5,879,424</u>
<b>Total restricted funds</b>	<b>6,085,020</b>	<b>1,648,101</b>	<b>(1,814,449)</b>	<b>(107,000)</b>	<b>5,811,672</b>
<b>Unrestricted funds</b>					
General funds	-	92,635	(92,635)	-	-
Designated funds	-	-	-	-	-
<b>Total unrestricted funds</b>		<b>92,635</b>	<b>(92,635)</b>		
<b>Total funds</b>	<b>6,085,020</b>	<b>1,740,736</b>	<b>(1,907,084)</b>	<b>(107,000)</b>	<b>5,811,672</b>

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

Restricted general funds are those that have been set by the grant provider in meeting the objects of the Academy and are restricted to both the day to day running of the Academy and capital expenditure.

Restricted fixed asset funds provide for the installation, maintenance and repair of the fixed assets of the Academy.

Unrestricted funds are those which the Board of Governors may use in the pursuance of the Academy's objectives and are expendable at the discretion of the Governors.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

The transfer of £10,285 from Restricted General funds to Restricted Fixed Asset funds relates to assets purchased in the year funded from restricted funds and non-capital assets purchased in the year funded from the Devolved Capital Grant (£17,446 - £7161).

# New Islington Free School (A Company Limited by Guarantee)

## Notes to the financial statements

For the year ended 31 August 2020

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

	At 1 September 2018	Income	Expenditure	Gains, losses and transfers	At 31 August 2019
	£	£	£	£	£
<b>Restricted general funds</b>					
General Annual Grant (GAG)	149,632	1,272,851	1,215,168	(3,583)	203,732
Other ESFA grant	-	149,176	(149,176)	-	-
Local authority grant	-	29,659	(29,659)	-	-
Project Development Grant	91,000	-	-	(42,220)	48,870
Pension reserve	(107,000)	-	(55,000)	(23,000)	(185,000)
	<u>133,632</u>	<u>1,451,686</u>	<u>(1,449,003)</u>	<u>(68,803)</u>	<u>67,512</u>
<b>Restricted fixed asset funds</b>					
Restricted fixed asset funds	6,113,325	23,376	(165,343)	45,803	6,017,161
Devolved Capital Income	-	16,884	(16,537)	-	347
<b>Total restricted funds</b>	<u>6,246,957</u>	<u>1491,946</u>	<u>(1,630,883)</u>	<u>(23,000)</u>	<u>6,085,020</u>
<b>Unrestricted funds</b>					
General funds	-	103,986	(103,986)	-	-
<b>Total funds</b>	<u>6,246,957</u>	<u>1,595,932</u>	<u>(1,734,869)</u>	<u>(23,000)</u>	<u>6,085,020</u>

### 16. Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Asset funds	Total 2020
	£	£	£	£
Tangible fixed assets	-	-	5,879,077	5,879,077
Current assets	-	384,494	347	384,841
Creditors due within one year	-	(84,246)	-	(84,246)
Pension scheme liability	-	(368,000)	-	(368,000)
	<u>-</u>	<u>(67,752)</u>	<u>5,879,424</u>	<u>5,811,672</u>

# New Islington Free School (A Company Limited by Guarantee)

## Notes to the financial statements

For the year ended 31 August 2020

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

	Unrestricted funds	Restricted funds	Asset funds	Total 2019
	£	£	£	£
Tangible fixed assets	-	-	6,017,161	6,017,161
Current assets	-	360,031	347	360,378
Creditors due within one year	-	(107,519)	-	(107,519)
Pension scheme liability	-	(185,000)	-	(185,000)
	-	67,512	6,017,508	6,085,020

17. Reconciliation of net movements in funds to net cash flow from operating activities:

	2020 £	2019 £
Net expenditure for the year (as per SOFA)	(166,348)	(138,937)
Adjustment for:		
Depreciation charges	155,530	165,343
Increase in debtors	22,027	64,182
Increase in creditors	(23,272)	(53,325)
Capital grants from DfE and other capital income	(7,161)	(40,260)
Defined benefit pension scheme finance cost	4,000	4,000
Defined benefit pension scheme cost less contributions	72,000	51,000
Net cash used by operating activities	56,776	52,003

18. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	330,915	284,424

## New Islington Free School (A Company Limited by Guarantee)

### Notes to the financial statements

For the year ended 31 August 2020

#### 19. Analysis of net debt

	At 1 September 2019	Cash flows	Acquisition/ disposal of subsidiaries	New finance leases	Other non- cash changes	At 31 August 2020
	£	£	£	£	£	£
Cash	284,424	46,491	-	-	-	330,915
Total	284,424	46,491	-	-	-	330,915

#### 20. Pension and similar obligations

The Academy's employees belong to two principal pension schemes: the Teacher's 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 Manchester City Council. Both are Multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2018.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

##### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

##### Valuation of the Teachers' Pension Scheme

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

# New Islington Free School (A Company Limited by Guarantee)

## Notes to the financial statements

For the year ended 31 August 2020

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218.1 billion and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196.1 billion, giving a notional past service deficit of £22 billion.
- the Superannuation Contributions Adjusted for Past Experience rate, set by HM Treasury is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £105,051 (2019 - £60,589).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The 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 scheme, with assets held in separate Governor-administered funds. The total contribution made for the year ended 31 August 2020 was £80,000 (2019 - £53,000), of which employer's contributions totalled £58,000 (2019 - £37,000) and employees' contributions totalled £22,000 (2019 - £16,000). The agreed contribution rates for future years are 18.3% for employers and a range of 5.5% to 12.5% for employees.

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

### Principal actuarial assumptions:

	2020	2019
Discount rate for scheme liabilities	1.7%	1.9%
Expected return on scheme assets at 31 August	(2.3%)	2.1%
Rate of increase in salaries	3.0%	2.6%
Rate of increase for pensions in payment/inflation	2.2%	1.8%

# New Islington Free School (A Company Limited by Guarantee)

## Notes to the financial statements

For the year ended 31 August 2020

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

	2020	2019
<i>Retiring today</i>		
Males	20.5	20.6
Females	23.1	23.1
<i>Retiring in 20 years</i>		
Males	22.0	22.0
Females	25.0	24.8

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

	Fair value at 31 August 2020 £	Fair value at 31 August 2019 £
Equities	269,280	182,240
Debt instruments	63,360	40,200
Property	27,720	21,440
Cash	35,640	24,120
Total market value of assets	396,000	268,000

The actual return on scheme assets was £6,000 (2019 - £6,000)

The amounts recognized in the Statement of Financial Activities incorporating income and account expenditure are as follows:

	2020 £	2019 £
Current service cost including past service cost	130,000	88,000
Interest income	6,000	
Interest costs	(10,000)	10,000
	126,000	98,000
Actual return on scheme assets	6,000	6,000

# New Islington Free School (A Company Limited by Guarantee)

## Notes to the financial statements

For the year ended 31 August 2020

Movements in the present value of the defined benefit obligation were as follows:

	2020 £	2019 £
Opening defined benefit obligation at 1 September 2019	453,000	311,000
Contributions by employees	22,000	15,000
Benefits paid	(1,000)	
Actuarial losses	150,000	29,000
Interest cost	10,000	10,000
Past service costs	-	5,000
Current service costs	130,000	83,000
Closing defined benefit obligation at 31 August 2020	<u>764,000</u>	<u>453,000</u>

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

	2020 £	2019 £
Opening fair value of scheme assets at 1 September 2019	268,000	204,000
Interest income	6,000	6,000
Actuarial gains	43,000	6,000
Contributions by employees	22,000	16,000
Contribution by employer	58,000	36,000
Benefits paid	(1,000)	
Closing fair value of scheme assets at 31 August 2020	<u>396,000</u>	<u>268,000</u>
Pension scheme liability	<u>368,000</u>	<u>185,000</u>

### 21. Contingent liabilities

On 26 October 2018 the High Court ruled that the equalization for the effect of unequal Guaranteed Minimum Pensions (GMPs) is required. The ruling confirmed that Trustees have a duty "to equalize benefits for men and women so as to alter the result which is at present produced in relation to GMPs". Full GMP indexation will be applied to the LGPS pension liability once changes to the LGPS have been formally announced.

### 22. Members' liabilities

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.

### 23. Related party transactions

Two of the Academy's Governors act as Governors for the Manchester Grammar School, which is the sponsor of New Islington Free School.

# New Islington Free School (A Company Limited by Guarantee)

## Notes to the financial statements

For the year ended 31 August 2020

### 24. Financial instruments

	2020 £	2019 £
Financial assets measured at amortised costs (a)	384,841	360,379
Financial liabilities measured at amortised cost (b)	84,246	107,519

(a) Financial assets include cash, trade debtors, and other debtors

(b) Financial liabilities include trade creditors, other creditors and accruals

### 25. 2018/19 Comparative Statement of Financial Activities

	Unrestricted general funds £	Restricted general funds £	Fixed assets funds £	Total funds 2019 £	Total funds 2018 £
<b>Income from:</b>					
Donations and capital grants	2,026	-	40,260	42,286	93,371
Charitable activities	-	1,451,686	-	1,451,686	1,291,174
Other trading activities	101,960	-	-	101,960	80,065
<b>Total income</b>	<u>103,986</u>	<u>1,451,686</u>	<u>40,260</u>	<u>1,595,932</u>	<u>1,466,610</u>
<b>Expenditure on:</b>					
Charitable activities	103,986	1,449,003	181,880	1,734,869	1,587,275
<b>Total expenditure</b>	<u>103,986</u>	<u>1,449,003</u>	<u>181,880</u>	<u>1,734,869</u>	<u>1,587,275</u>
<b>Net expenditure before other recognized gains and losses</b>	-	2,683	(141,620)	(138,937)	(120,665)
<b>Gross transfers between funds</b>	-	(45,803)	45,803	-	-
<b>Net movement in funds</b>	<u>-</u>	<u>(43,120)</u>	<u>(95,817)</u>	<u>(138,937)</u>	<u>(120,665)</u>
<b>Other recognized gains and losses</b>					
Actuarial gains on defined benefit pension scheme	-	(23,000)	-	(23,000)	46,000
<b>Net movement in funds</b>	<u>-</u>	<u>(66,120)</u>	<u>(95,817)</u>	<u>(161,937)</u>	<u>(74,665)</u>
<b>Reconciliation of funds:</b>					
Total funds brought forward	-	133,632	6,113,325	6,246,957	6,321,622
<b>Fund balances carried forward at 31 August 2019</b>	<u>-</u>	<u>67,512</u>	<u>6,017,508</u>	<u>6,085,020</u>	<u>6,246,957</u>