

Registration number: 08387242

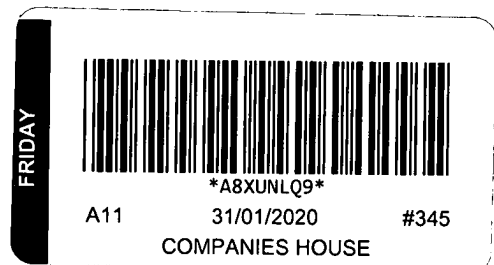
Cobden Primary School

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2019

Haines Watts Leicester LLP
Chartered Accountants and Statutory Auditor
Hamilton Office Park
31 High View Close
Leicester
LE4 9LJ



Cobden Primary School

Contents

Reference and Administrative Details	1
Trustees' Report	2 to 9
Governance Statement	10 to 15
Statement on Regularity, Propriety and Compliance	16
Statement of Trustees' Responsibilities	17
Independent Auditor's Report on the Financial Statements	18 to 20
Independent Reporting Accountant's Report on Regularity	21 to 22
Statement of Financial Activities incorporating Income and Expenditure Account	23 to 24
Balance Sheet	25
Statement of Cash Flows	26
Notes to the Financial Statements	27 to 45

Cobden Primary School

Reference and Administrative Details

Members	J Bagley S Chowdhury S Murray M Stevens
Governors and Trustees (Directors)	S Murray, Chair of Trustees S Chowdhury J Bagley R S Berry S Kingscott M Lockley M P Spriggs (resigned 2 April 2019) K Patel (appointed 31 October 2018 and Resigned 8 October 2019) F Naffizz (appointed 31 October 2018) M E Cooper (appointed 8 October 2019)
Head Teacher	M Stevens
Senior Management Team	M Stevens, Head Teacher M Lockley, Deputy Head teacher
Principal and Registered Office	Hume Street Loughborough Leicestershire LE11 1AF
Company Registration Number	08387242
Auditors	Haines Watts Leicester LLP Chartered Accountants and Statutory Auditor Hamilton Office Park 31 High View Close Leicester LE4 9LJ
Bankers	Natwest Bank PLC Loughborough Leicestershire LE3 3NZ
Solicitors	Legal Department Leicestershire County Council County Hall Glenfield Leicestershire LE3 8RT

Cobden Primary School

Trustees' Report for the Year Ended 31 August 2019

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

Structure, governance and management

Constitution

The academy trust is a company limited by guarantee and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The company registration number is 08387242.

The governors act as the trustees for the charitable activities of Cobden Primary School and are also the directors of the charitable company for the purposes of company law.

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

Members' liability

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

Trustees' indemnities

The academy trust through its Articles has indemnified its Trustees to the fullest extent permissible by law. During the period the Academy also purchased and maintained liability insurance for its Trustees.

Method of recruitment and appointment or election of Trustees

Trustees serve a three year term of office. On reaching this point they can offer to extend their term of office for a further three year term. New Governors are recruited according to the agreed Governing Body structure:

- Chair, Vice Chair and Chair of Finance can appoint up to four new Governors;
- A minimum of three Parent Governors to be appointed;
- Any Staff Governors to represent no more than a third of the total Governing Body.

Vacant posts are filled by the advertising of vacancies to the parent body and to the local community. Interested persons are interviewed by the Head Teacher and express a formal interest to the full Governing Body who then confirm or reject the application by majority vote at the full Governors meeting.

Policies and procedures adopted for the induction and training of Trustees

The training and induction provided for new Trustees will depend on their existing experience. Where necessary, induction will provide training on charity and educational legal and financial matters. All new Trustees are given a tour of the Academy and the chance to meet with staff and students.

All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally few new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

Cobden Primary School

Trustees' Report for the Year Ended 31 August 2019 (continued)

Organisational structure

The Governing Body has the sole authority to:

- Approve the budget;
- Approve the Academy Improvement Plan and associated costs;
- Approve the staffing structure for the year ahead;
- Approve the Academy's planned admission number;
- Approve changes of staff grade and pay;
- Approve the Headteachers and staff performance advancement;
- Approve all policies;
- Approve changes to charges including lettings and rents;
- Approve all financial controls;
- Approve any expenditure above £5,000;
- Approve permanent exclusions;
- Approve any closures;
- Approve any changes to the timings of the Academy day and holidays.

The Academy has a senior leadership team who meet once every two weeks. The senior leaders have the authority to agree with the Headteachers approval any curriculum improvements and monitoring arrangements. The Headteacher and Deputy Headteacher have the authority to impose fixed term exclusions and to appoint new staff members. The Headteacher can approve financial expenditure below £5,000.

Arrangements for setting pay and remuneration of key management personnel

The Academy follows the national Teachers Pay and Conditions for teachers pay and set pay increases as agreed through national pay deals and incremental increases following successful performance review meetings. For support staff we follow Leicestershire Local Government pay scales and implemented locally agreed pay increases.

Risk management

The Governors have implemented a number of systems to assess risks that the Academy faces, especially in the operational areas (e.g. in relation to safeguarding, improving teaching, health and safety, anti bullying and risk assessments for educational visits) and in relation to the control of finance. There is a new Disaster Recovery Policy in place which sets out whole Academy systems in the face of a full scale evacuation. They have introduced systems, including operational procedures including the vetting of new staff and visitors, appropriate supervision of Academy grounds and internal financial controls in order to minimise risk. Where significant financial risk still remains, they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls.

At 31 August 2019 the pension deficit on the Local Government Pension Scheme stood at £1,409,000. The Academy has mitigated its risk in relation to this pension scheme by taking out insurance against early retirement on the grounds of ill health. Changes in contributions rates as decided upon by the actuaries of the scheme are budgeted for as soon as they are known, when they are updated every three years.

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

Cobden Primary School

Trustees' Report for the Year Ended 31 August 2019 (continued)

Connected organisations, including related party relationships

The Academy is part of a Academy Partnership with eight other primary schools. All Academy's maintain their independent status including separate Governing Bodies. The partnership is effective in providing support and challenge to each other. The partnership operates a triad model where schools work closely in groups of three schools during the year in order to provide the opportunity for more tailored specific support.

Objectives and activities

Objects and aims

The Academy aims to provide a high quality education for all children taking account of ability and cultural background. The Academy aims to provide a curriculum which is relevant, exciting and which provides a context for the development of key skills and knowledge.

Objectives, strategies and activities

Quality of Teaching & Learning

- To meet or exceed targets for quality of learning outcomes with 100% compliance with agreed whole school teaching, learning and feedback policies
- To provide consistent opportunities for staff to share each others teaching approaches-class visits and staff mtg time
- To provide a sharp focus on good progress for all from FS and Y2 exit points
- Successful sharing of new Ofsted schedule
- Increased awareness of relevance of the teaching judgement in terms of own teaching and requirements of Curriculum Leaders in developing their subject area

Development of successful assessment tracking

- Successful implementation of Target Tracker system
- Successful completion of FS baseline pilot

Achieving Quality Science Mark

- All staff in school has a consistent understanding and application of successful and progressive science investigations
- Consistent approaches are evidenced and clear progress is evidenced for sampled children representing all ability groups inc Pupil Premium

Completion of Reading Comprehension Project

- Attendance at CPD events and sharing strategies to staff
- Improvements secured in quality first teaching of reading comprehension

Public benefit

The academy trust provides educational services to all children in the local area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the public benefit guidance provided by the Charity Commission.

Cobden Primary School

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Achievements and performance

The school currently has a recent Ofsted judgement of 'Good' in all areas (May 2018). There were no significant improvement areas identified in the report.

The school was judged to be above the new 'Coasting' standards based on progress from KS1 to KS2.

The school performed just below National Averages for pupil progress for reading, writing and mathematics at end of KS2 and above floor standard.

Attendance was close to National Targets 95%+ and this has been secure for the past 4 years. Persistent absence cases are robustly pursued.

During the 2018/19 academic year the Academy has:

Maintained Good judgement from Ofsted May 2018.

Attendance close to National outcomes and improving-reduced non-authorised absences.

Foundation Stage outcomes for Good Level of Development higher than expected and constitute good progress.

Phonics scores at Y1 close to National and constitute excellent progress.

Good progress at Y2 although lower than National standards-lower performing cohort.

Y6 outcomes significantly affected by high in year turbulence but outcomes for greater depth Spelling, Grammar and Punctuation were high.

Staffing remains very stable and all posts advertised were filled.

Going concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the academy trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial review

The Academy had a net increase in funds for the year ended 31 August 2019 of £58,875 (2018: £45,516) including fixed assets movements, but excluding pension reserve movements. As at 31 August 2019 the Academy held £176,588 (2018: £176,959) of unrestricted reserves plus £343,763 (2018: £255,422) of unspent (non fixed asset) restricted funds. The Academy therefore held combined unrestricted and non fixed asset restricted funds, being its available reserves of £520,351 (2018: £432,381).

The Academy Trust had a pension deficit on their Local Government Pension Scheme of £1,409,000 (2018: £800,000) at 31 August 2019 and a fixed asset reserve of £1,597,091 (2018: £1,626,186) being the book value of past purchases.

There are no significant factors going forward that are expected to impact on the normal continuing operation of the Academy. The principle financial management policies adopted in the period are included in the Academy's internal financial policies and are typical for an academy trust of this size and type. There were no unusual significant events worthy of comment during the year.

The principal sources of funding for the Academy are the General Annual Grant (GAG) and other DfE Group grants, such as Pupil Premium. This funding has been used to support the key educational objectives of the Academy Trust, subject to any remaining reserves.

Cobden Primary School

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Reserves policy

The Trustees have developed a reserves policy for the school which is reviewed at least annually. The Academy needs to hold reserves to allow for contingencies such as unfunded building repairs, unexpected staffing costs and to allow for some uncertainty in future government funding. The Trustees have determined that the appropriate level of free reserves, which it considers to be unrestricted funds plus unspent General Annual Grant (GAG), should be approximately 6% of the annual budget, being approximately £140,000.

Actual free reserves plus unspent GAG as at 31 August 2019 were £520,351, being approximately £380,000 higher than the target level set by the Trustees. The Trustees intend to use the reserves above target to contribute towards the future in-year deficits forecast for the next 3 financial years.

At 31 August 2019 the Academy's fixed asset reserve of £1,597,091 represented funds which could only be realised if the assets were sold.

The only reserve in deficit at the year end was the pension reserve (deficit of £1,409,000) which will be addressed via contribution rates decided on from time to time by the pension scheme actuaries. This deficit has arisen, as with many other schemes of this type, mainly due to increased life expectancies and reduced investment returns.

Investment policy

The Academy aims to manage cash balances to provide for the day to day working capital requirements of its operations, whilst protecting the real long term value of any surplus cash balances against inflation. Where surplus cash funds are held the Academy will consider options available to optimise returns whilst ensuring the investments are such that there is no risk to the loss of these cash funds.

Principal risks and uncertainties

Based on the strategic plan, the Governors Strategy Committee undertakes a regular review of the risks to which the Academy is exposed. The committee has identified systems and procedures, including specific preventable actions which should mitigate any potential negative impact on the Academy.

The internal controls for managing risks deemed as medium and high are incorporated into annual risk management action plan. The effectiveness of the Academy's internal controls in managing the risks identified is regularly monitored.

A thorough appraisal will be undertaken in each year of the existing risks and any emerging risks, for example, those arising from changes to national funding policy and/or local circumstances. In addition to the annual review, the Risk Management Committee will also consider any risks which arise during the year, for example, as a result of a new area of work being undertaken by the Academy.

A risk register, covering low, medium and high level risks, will be maintained at Academy level. The risk register will identify the key risks, the likelihood of those risks occurring, their potential impact on the academy and the actions being taken to reduce and mitigate the risks. Risks are prioritised as low, medium and high using a consistent scoring system.

Cobden Primary School

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Outlined below is a description of the principal risk factors that may affect the Academy. However, not all factors are within the Academy's control and other factors besides those listed below may also adversely affect the Academy.

1. Government funding

The Academy has considerable reliance on continued government funding through the Education & Skills Funding Agency (ESFA) and the Local Authority.

This risk has and will be mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements;
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies;
- Ensuring the Academy is focused on those priority sectors which will continue to benefit from public funding;
- Contingency planning embedded into the Academy budget process.

2. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the Academy's balance sheet in line with the requirements of FRS 102. The Academy takes professional advice on this position and makes appropriate contributions on the basis of that advice to ensure the deficit does not become unmanageable. Contributions on the basis of that advice to ensure the deficit does not become unmanageable.

3. Pupil Strategy

The Academy seeks to maintain its popularity with current and prospective pupils by:

- Ensuring the Academy delivers high quality education and training;
- Maintaining good success rates and good inspection outcomes; and
- Investing in the its teaching staff and resources

Pupil numbers continue to increase significantly and this trend is set to continue for the next three years. With ongoing commitment to quality, the Academy now provides high quality learning environments.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy and its finances.

The most recent inspection by Ofsted secured a good judgement in all areas. Trustees have closely monitored and approved the school improvement plan which sets out clear and measurable targets for securing good academic outcomes for all groups of pupils in English and mathematics.

Fundraising

Fundraising has been limited to small events held to raise funds for external charities, such as non-uniform days. These funds are paid across in full to the nominated charities.

Cobden Primary School

Trustees' Report for the Year Ended 31 August 2019 (continued)

Strategic Report

Plans for future periods

The Academy will continue to strive to provide a broad, balanced and enjoyable curriculum and improve the levels of performance of its pupils at all levels from individual starting points. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

The Academy will continue to work with partner schools to improve the educational opportunities for students in the wider community. This is the Loughborough Primary Academy Partnership and Leicestershire Primary Heads.

The Academy will continue to promote a wide range of extra curricular activities and seek to increase student engagement in these activities.

Specific objectives for 2019/20 are the resurfacing of the MUGA and the upgrade of building facilities.

Cobden Primary School

Trustees' Report for the Year Ended 31 August 2019 (continued)

Funds held as Custodian Trustee on behalf of others

No such funds are held by the Academy.

Auditor

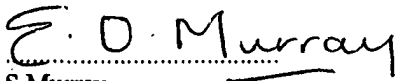
Insofar as the Trustees are aware:

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

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of Haines Watts Leicester LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Trustees' Report, incorporating a Strategic Report, was approved by order of the members of the Governing Body on 16 December 2019 and signed on its behalf by:



S Murray
Governor and trustee

Cobden Primary School

Governance Statement

Scope of responsibility

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

The Governing Body has delegated the day-to-day responsibility to M Stevens, 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 Cobden Primary School and the Secretary of State for Education. They are also responsible for reporting to the Governing Body any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Governing Body has formally met 3 times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Trustee	Meetings attended	Out of a possible
S Murray	3	3
M Stevens	3	3
S Chowdhury	3	3
S Kingscott	1	3
M Lockley	2	3
R S Berry	3	3
J Bagley	3	3
M P Spriggs	1	1
K Patel	3	3
F Naffizz	3	3

Governance reviews

The Academy has a very well focussed improvement plan which sets out precise strategies for leaders to make judgements regarding the strengths and areas of improvement required by staff. All senior leaders make regular judgements regarding the quality of individual teachers work and provide detailed constructive feedback. The Head Teacher has regularly been able to have his judgements moderated by Ofsted and partners in the Loughborough Primary Academy Partnership.

There is a well structured plan of monitoring and plans in place to deal with under performance. Governors are directly involved in monitoring the activities of the school linked to School Development Priorities.

The Academy will look to conduct a governance self evaluation annually. An FMGS was completed by the Academy within the first year, and found to be a useful tool and provides helpful assurance to the Board of Trustees that arrangements meet the mandatory requirements.

Cobden Primary School

Governance Statement (continued)

- Changes in the composition of the Board are indicated on page 1 of the financial statements and all were of a routine nature.
- The Board's work was typical for a primary Academy of its size and type, focusing on the improvement and maintenance of educational standards and on financial and general management. There were no unusual matters worthy of note dealt with by the Trustees during their work.
- A review of the Board's performance in the year is detailed below. Challenges encountered have been of a routine nature concerning finances, staff management and educational standards.
- The quality of data flowing to the Board is considered acceptable by Trustees based on their experience, their own observations, enquiries and judgements.

The Finance and General Purposes Committee is a sub-committee of the main Governing Body. Its purpose is to

- To develop the annual draft budget for approval by the Governing Body taking into account school development priorities;
- To monitor expenditure against the budget plan and agree adjustments including decisions as necessary;
- To approve tenders and expenditure between £5,000 and £25,000;
- To maintain inventories and security of assets;
- To formulate a charging and remissions policy for activities;
- To determine payments regarding petty cash;
- To consider the recommendations of the performance management governors in relation to the Headteachers pay;
- To monitor actions following an LA Internal Audit;
- The committee will respond to consultations on financial matters, and;
- To review the Finance Manual annually.

Attendance at meetings during the year was as follows:

Trustee	Meetings attended	Out of a possible
S Murray	3	3
M Stevens	3	3
M Lockley	3	3
R S Berry	1	3
J Bagley	3	3

Review of value for money

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

The Board of Trustees is accountable for the way in which the school's resources are allocated to meet the objectives set out in the school's development plans. Trustees need to secure the best possible outcome for pupils, in the most efficient and effective way, at a reasonable cost. This will lead to continuous improvement in the school's achievements and services.

What Is Best Value?

Cobden Primary School

Governance Statement (continued)

Trustees will apply the four principles of best value:

- Challenge - Is the school's performance high enough? Why and how is a service provided? Do we still need it? Can it be delivered differently? What do parents want?
- Compare - How does the school's pupil performance and financial performance compare with all schools? How does it compare with LA schools? How does it compare with similar schools?
- Consult - How does the school seek the views of stakeholders about the services the school provides?
- Compete - How does the school secure efficient and effective services? Are services of appropriate quality, economic?

The Trustees' Approach

The Trustees and school managers will apply the principles of best value when making decisions about:

- The use of educational resources to best support the various educational needs of all pupils
- The allocation of resources to best promote the aims and values of the Academy.
- The targeting of resources to best improve standards and the quality of provision.

Trustees, and the school managers, will:

- Make comparisons with other/similar schools using data provided by the LA and the Government, e.g. quality of teaching; learning, levels of expenditure.
- Challenge proposals, examining them for effectiveness, efficiency, and cost, e.g. setting of annual pupil achievement targets.
- Require suppliers to compete on grounds of cost, and quality/suitability of services/products/backup, e.g., redecoration and refurbishment projects.
- Consult individuals and organisations on quality/suitability of service we provide to parents and pupils, and services we receive from providers, e.g. sex and relationships education, pupil reports, assigned inspector, Ofsted, maintenance consultant, Borough Energy Group.

This will apply in particular to:

- Staffing
- Use of premises
- Use of resources
- Quality of teaching
- Quality of learning
- Purchasing
- Pupils' welfare
- Health and safety

Trustees and school managers:

- Will not waste time and resources on investigating minor areas where few improvements can be achieved.
- Will not waste time and resources to make minor savings in costs.
- Will not waste time and resources by seeking tenders for minor supplies and services.

The pursuit of minor improvements or savings is not cost effective if the administration involves substantial time or costs. Time wasted on minor improvements or savings can also distract management from more important or valuable areas.

Staffing

Trustees and school managers will deploy staff to provide best value in terms of quality of teaching, quality of learning, adult-pupil ratio, and curriculum management.

Cobden Primary School

Governance Statement (continued)

Use of Premises

Trustees and school managers will consider the allocation and use of teaching areas, support areas and communal areas, to provide the best environment for teaching & learning, for support services, and for communal access to central resources, e.g. the library.

Use of Resources

Trustees and school managers will deploy equipment, materials and services to provide pupils and staff with resources which support quality of teaching and quality of learning.

Teaching

Trustees and school managers will review the quality of curriculum provision and quality of teaching, to provide parents and pupils with:

- A curriculum which meets the requirements of the National Curriculum, the LA Agreed RE Syllabus, and the needs of pupils.
- Teaching which builds on previous learning and has high expectations of children's achievement Learning

Learning

Trustees and school managers will review the quality of children's learning, by cohort, class and group, to provide teaching which enables children to achieve nationally expected progress, e.g. setting of annual pupil achievement targets.

Purchasing

Trustees and school managers will develop procedures for assessing need, and obtaining goods and services which provide "best value" in terms of suitability, efficiency, time, and cost. Measures already in place include:

- Competitive tendering procedures (e.g. for goods and services above £5,000).
- Procedures for accepting "best value" quotes, which are not necessarily the cheapest (e.g. suitability for purpose and quality of workmanship).
- Procedures which minimise office time by the purchase of goods or services under £1,000 direct from known, reliable suppliers (e.g. stationery, small equipment)

Pupils' Welfare

Trustees and school managers will review the quality of the school environment and the school ethos, in order to provide a supportive environment conducive to learning and recreation.

Health & Safety

Trustees and school managers will review the quality of the school environment and equipment, carrying out risk assessments where appropriate, in order to provide a safe working environment for pupils, staff and visitors.

Monitoring

These areas will be monitored for best value by:

1. In-house monitoring by the Head teacher and curriculum managers, e.g. classroom practice, work sampling.
2. Yearly target setting meetings between the Head teacher and curriculum managers.
3. Annual performance management.
4. Annual budget planning.
5. Headteacher's meetings with the Finance Officer,
6. Analysis of school pupil performance data, e.g. SATs results, standardised test results, against all schools, LA schools, and similar schools.
7. Analysis of LA pupil performance data, e.g. Graph Packs.
8. Analysis of LA financial data, bench mark data for all schools, LA schools, similar schools.
9. Analysis of DfEs pupil performance data, e.g. Raise Online.
10. Ofsted Inspection reports.

Cobden Primary School

Governance Statement (continued)

11. Trustees' classroom observations and discussion of monitoring reports.
12. Trustees' termly committee meetings.
13. Trustees' full termly meetings.
14. Trustees' annual finance review.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an 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 Cobden Primary School for the year ended 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Governing Body has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Governing Body 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 ended 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

The risk and control framework

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

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

The Governing Body has considered the need for a specific internal audit function and has decided:

- to appoint Leicestershire County Council as internal auditor

The auditor's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems.

The latest internal audit visit was in January 2019. No material issues were identified as a result of the internal auditor's review.

On an annual basis, the auditor reports to the Governing Body on the operation of the systems of control and on the discharge of the Governing Body's financial responsibilities.

There were no material control or other issues reported by the Responsible Officer to date.

Review of effectiveness

As Accounting Officer, M Stevens 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 ;

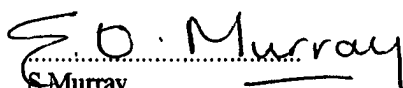
Cobden Primary School

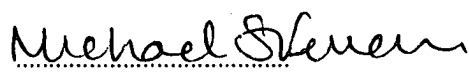
Governance Statement (continued)

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

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

Approved by order of the members of the Governing Body on 16 December 2019 and signed on its behalf by:


S Murray
Governor and trustee


M Stevens
Accounting officer
Head Teacher

Cobden Primary School

Statement on Regularity, Propriety and Compliance

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

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

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



M Stevens
Accounting officer

16 December 2019

Cobden Primary School

Statement of Trustees' Responsibilities

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

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

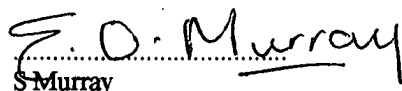
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board on 16 December 2019 and signed on its behalf by:



S Murray

Governor and trustee

Cobden Primary School

Independent Auditor's Report on the Financial Statements to the Members of Cobden Primary School

Opinion

We have audited the financial statements of Cobden Primary School (the 'Academy') for the year ended 31 August 2019, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Academy'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 (covers the Reference and Administrative Details, the Trustees' Report and Strategic Report and the Governance Statement)

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Cobden Primary School

Independent Auditor's Report on the Financial Statements to the Members of Cobden Primary School (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities [set out on page 17], the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.

Cobden Primary School

Independent Auditor's Report on the Financial Statements to the Members of Cobden Primary School (continued)

- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Academy's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Academy to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Academy to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Academy audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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

Haines Watts Leicester LLP

Richard Buckby FCA (Senior Statutory Auditor)

For and on behalf of Haines Watts Leicester LLP, Statutory Auditor

Hamilton Office Park
31 High View Close
Leicester
LE4 9LJ

Date: 18/12/2019

Cobden Primary School

Independent Reporting Accountant's Report on Regularity to Cobden Primary School and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 22 July 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Cobden Primary School during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Cobden Primary School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Cobden Primary School and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Cobden Primary School and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Governing Body's funding agreement with the Secretary of State for Education dated 19 December 2012 and the Academies Financial Handbook extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- We have confirmed that the activities conform to the academy trust's framework of authorities. As identified by review of minutes, management accounts, discussion with the accounting officer and other key management personnel.
- We have carried out an analytical review as part of the consideration of whether general activities of the academy trust are within the academy trust's framework of authorities.
- We have considered the evidence supporting the accounting officer's statement on regularity, propriety and compliance and have evaluated the general control environment of the academy trust and extended the procedures required for financial statements to include regularity.

Cobden Primary School

Independent Reporting Accountant's Report on Regularity to Cobden Primary School and the Education & Skills Funding Agency (continued)

- We have assessed and tested a sample of the specific control activities over regularity of a particular activity. In performing sample testing of expenditure, we have considered whether the activity is permissible within the academy trust's framework of authorities. We confirm that each item tested has been appropriately authorised in accordance with the academy trust's delegated authorities and that the internal delegations have been approved by the board of trustees, and conform to the limits set by the Department for Education.
- Formal representations have been obtained from the board of trustees and the accounting officer acknowledging their responsibilities including disclosing all non-compliance with laws and regulations specific to the authorising framework, access to accounting records, provision of information and explanations, and other matters where direct evidence is not available.

In performing sample testing of expenditure, we have reviewed against specific terms of grant funding within the funding agreement. We have reviewed the list of suppliers and have considered whether supplies are from related parties and have reviewed minutes for evidence of declaration of interest, and whether or not there was involvement in the decision to order from this supplier.

We have performed sample testing of other income and tested whether activities are permitted within the academy trust's charitable objects.

Conclusion

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

Richard Buckby

Richard Buckby FCA

For and on behalf of Haines Watts Leicester LLP, Chartered Accountants

Hamilton Office Park
31 High View Close
Leicester
LE4 9LJ

Date: 18/12/2019

Cobden Primary School

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

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2018/19 Total £
Income and endowments from:					
Donations and capital grants	2	320	7,692	23,167	31,179
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	1,961,284	-	1,961,284
Other trading activities	4	5,226	164,031	-	169,257
Total		5,546	2,133,007	23,167	2,161,720
Expenditure on:					
Raising funds	5	-	196,578	-	196,578
<i>Charitable activities:</i>					
Academy trust educational operations	6	1,187	1,927,882	94,622	2,023,691
Other		4,730	21,846	-	26,576
Total		5,917	2,146,306	94,622	2,246,845
Net expenditure		(371)	(13,299)	(71,455)	(85,125)
Transfers between funds		-	(42,360)	42,360	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	20	-	(465,000)	-	(465,000)
Net movement in deficit		(371)	(520,659)	(29,095)	(550,125)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2018		176,959	(544,578)	1,626,186	1,258,567
Total funds/(deficit) carried forward at 31 August 2019		176,588	(1,065,237)	1,597,091	708,442

Cobden Primary School

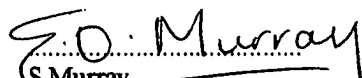
Statement of Financial Activities for the Year Ended 31 August 2018 (including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	2017/18 Total £
Income and endowments from:					
Donations and capital grants	2	8,115	-	16,065	24,180
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	1,900,913	-	1,900,913
Other trading activities	4	6,736	162,406	-	169,142
Total		14,851	2,063,319	16,065	2,094,235
Expenditure on:					
Raising funds	5	-	181,527	-	181,527
<i>Charitable activities:</i>					
Academy trust educational operations	6	820	1,911,046	65,728	1,977,594
Other		3,368	17,230	-	20,598
Total		4,188	2,109,803	65,728	2,179,719
Net income/(expenditure)		10,663	(46,484)	(49,663)	(85,484)
Transfers between funds		-	(14,631)	14,631	-
Other recognised gains and losses					
Actuarial gains on defined benefit pension schemes	20	-	303,000	-	303,000
Net movement in funds/(deficit)		10,663	241,885	(35,032)	217,516
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2017		166,296	(786,463)	1,661,218	1,041,051
Total funds/(deficit) carried forward at 31 August 2018		176,959	(544,578)	1,626,186	1,258,567

Cobden Primary School
(Registration number: 08387242)
Balance Sheet as at 31 August 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	10	1,597,091	1,626,186
Current assets			
Debtors	11	56,573	48,892
Cash at bank and in hand		<u>659,827</u>	<u>549,829</u>
		716,400	598,721
Creditors: Amounts falling due within one year	12	<u>(196,049)</u>	<u>(166,340)</u>
Net current assets		<u>520,351</u>	<u>432,381</u>
Total assets less current liabilities		<u>2,117,442</u>	<u>2,058,567</u>
Net assets excluding pension liability		2,117,442	2,058,567
Pension scheme liability	20	<u>(1,409,000)</u>	<u>(800,000)</u>
Net assets including pension liability		<u><u>708,442</u></u>	<u><u>1,258,567</u></u>
Funds of the Academy:			
Restricted funds			
Restricted general fund		343,763	255,422
Restricted fixed asset fund		1,597,091	1,626,186
Restricted pension fund		<u>(1,409,000)</u>	<u>(800,000)</u>
		531,854	1,081,608
Unrestricted funds			
Unrestricted general fund		<u>176,588</u>	<u>176,959</u>
Total funds		<u><u>708,442</u></u>	<u><u>1,258,567</u></u>

The financial statements on pages 23 to 45 were approved by the Trustees, and authorised for issue on 16 December 2019 and signed on their behalf by:


S Murray
Governor and trustee

Cobden Primary School

Statement of Cash Flows for the Year Ended 31 August 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by operating activities	16	152,358	128,354
Cash flows from investing activities	17	<u>(42,360)</u>	<u>(14,631)</u>
Change in cash and cash equivalents in the year		109,998	113,723
Cash and cash equivalents at 1 September		<u>549,829</u>	<u>436,106</u>
Cash and cash equivalents at 31 August	18	<u><u>659,827</u></u>	<u><u>549,829</u></u>

Cobden Primary School

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

1 Accounting policies

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

Basis of preparation

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

Going concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

Grants

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

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

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

Sponsorship income

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

Cobden Primary School

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

1 Accounting policies (continued)

Donations

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

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

Donated goods, facilities and services

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

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

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.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Cobden Primary School

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

1 Accounting policies (continued)

Tangible fixed assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset on a straight line basis over its expected useful life, per the table below. Where an asset comprises of two or more components which have substantially different useful lives, each component is depreciated separately over its useful economic life.

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

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

Asset class	Depreciation method and rate
Leasehold buildings	2% straight line
Leasehold buildings - roof	6% straight line
Leasehold land	125 years - over the term of the lease
Furniture and fixtures	25% straight line
Computer equipment	33% straight line

Liabilities

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

Provisions

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

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Cobden Primary School

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

1 Accounting policies (continued)

Leased assets

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

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

Pension benefits

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

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

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

Fund accounting

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

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

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

Cobden Primary School

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

1 Accounting policies (continued)

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 21, 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 31/08/2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Restricted fixed asset funds £	2018/19 Total £	2017/18 Total £
Educational trips and visits	-	7,692	-	7,692	6,093
Capital grants	-	-	23,167	23,167	16,065
Other donations	320	-	-	320	2,022
	<u>320</u>	<u>7,692</u>	<u>23,167</u>	<u>31,179</u>	<u>24,180</u>

Cobden Primary School

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

3 Funding for the Academy Trust's educational operations

	Restricted funds £	2018/19 Total £	2017/18 Total £
DfE/ESFA revenue grants			
General Annual Grant	1,653,305	1,653,305	1,589,889
Other Dfe group grants	<u>264,452</u>	<u>264,452</u>	<u>233,412</u>
	1,917,757	1,917,757	1,823,301
Other government grants			
Local Authority grants	43,527	43,527	70,215
Non-government grants and other income			
British Council of China	<u>-</u>	<u>-</u>	<u>7,397</u>
Total grants	<u><u>1,961,284</u></u>	<u><u>1,961,284</u></u>	<u><u>1,900,913</u></u>

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2018/19 Total £	2017/18 Total £
Hire of facilities	691	-	691	1,678
Other sales	-	-	-	565
Income from other charitable activities	<u>4,535</u>	<u>164,031</u>	<u>168,566</u>	<u>166,899</u>
	<u><u>5,226</u></u>	<u><u>164,031</u></u>	<u><u>169,257</u></u>	<u><u>169,142</u></u>

Cobden Primary School

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

5 Expenditure

	Non Pay Expenditure			2018/19	2017/18
	Staff costs	Premises	Other costs	Total	Total
	£	£	£	£	£
Expenditure on raising funds					
Direct costs	196,578	-	-	196,578	181,020
Allocated support costs	-	-	-	-	507
Academy's educational operations					
Direct costs	1,223,519	-	110,085	1,333,604	1,347,494
Allocated support costs	348,844	171,692	196,127	716,663	650,698
	<u>1,768,941</u>	<u>171,692</u>	<u>306,212</u>	<u>2,246,845</u>	<u>2,179,719</u>

6 Charitable activities

		2018/19	2017/18
		£	£
Direct costs - educational operations		1,333,604	1,347,494
Support costs - educational operations		716,663	650,698
		<u>2,050,267</u>	<u>1,998,192</u>
	Educational operations	2018/19	2017/18
	£	Total	Total
		£	£
Analysis of support costs			
Support staff costs	348,844	348,844	316,148
Depreciation	94,622	94,622	65,728
Technology costs	12,201	12,201	13,135
Premises costs	77,070	77,070	58,886
Other support costs	174,190	174,190	188,372
Governance costs	9,736	9,736	8,429
Total support costs	<u>716,663</u>	<u>716,663</u>	<u>650,698</u>

Cobden Primary School

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

7 Staff

Staff costs

	2018/19 £	2017/18 £
Staff costs during the year were:		
Wages and salaries	1,308,533	1,311,806
Social security costs	100,935	99,352
Operating costs of defined benefit pension schemes	359,473	335,954
	<u>1,768,941</u>	<u>1,747,112</u>

Staff numbers

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

	2018/19 No	2017/18 No
Charitable Activities		
Teachers	19	21
Administration and support	65	61
Management	1	1
	<u>85</u>	<u>83</u>

Higher paid staff

The number of employees whose emoluments exceeded £60,000 was:

	2019 No	2018 No
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2019 pension contributions for this staff member amounted to £12,179 (2018: £11,999).

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £163,218 (2018: £213,255).

Cobden Primary School

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

8 Related party transactions - trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their role as trustees. The value of trustees' remuneration and other benefits was as follows:

M Stevens (Head Teacher):

Remuneration: £70,000 - £75,000 (2018 - £70,000 - £75,000)

Employer's pension contributions: £10,000 - £15,000 (2018 - £10,000 - £15,000)

M Lockley (Staff trustee):

Remuneration: £50,000 - £55,000 (2018 - £50,000 - £55,000)

Employer's pension contributions: £5,000 - £10,000 (2018 - £5,000 - £10,000)

E Van-de-Velde (Staff trustee):

Remuneration: £Nil (2018 - £40,000 - £45,000)

Employer's pension contributions: £Nil (2018 - £5,000 - £10,000)

Other related party transactions involving the trustees are set out in note 21.

9 Trustees' and officers' insurance

In accordance with normal commercial practice the Academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2019 was £317 (2018 - £311).

The cost of this insurance is included in the total insurance cost.

Cobden Primary School

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

10 Tangible fixed assets

	Leasehold land and buildings £	Furniture and equipment £	Computer equipment £	Total £
Cost				
At 1 September 2018	1,607,994	180,012	111,071	1,899,077
Additions	53,698	7,356	4,473	65,527
Disposals	-	-	(1,346)	(1,346)
At 31 August 2019	<u>1,661,692</u>	<u>187,368</u>	<u>114,198</u>	<u>1,963,258</u>
Depreciation				
At 1 September 2018	156,249	41,771	74,871	272,891
Charge for the year	32,249	44,896	17,477	94,622
Eliminated on disposals	-	-	(1,346)	(1,346)
At 31 August 2019	<u>188,498</u>	<u>86,667</u>	<u>91,002</u>	<u>366,167</u>
Net book value				
At 31 August 2019	<u>1,473,194</u>	<u>100,701</u>	<u>23,196</u>	<u>1,597,091</u>
At 31 August 2018	<u>1,451,745</u>	<u>138,241</u>	<u>36,200</u>	<u>1,626,186</u>

11 Debtors

	2019 £	2018 £
Trade debtors	383	930
VAT recoverable	16,324	12,051
Prepayments	10,066	4,891
Accrued grant and other income	<u>29,800</u>	<u>31,020</u>
	<u>56,573</u>	<u>48,892</u>

12 Creditors: amounts falling due within one year

	2019 £	2018 £
Other taxation and social security	23,209	24,170
Other creditors	28,277	27,291
Accruals	55,651	29,551
Deferred income	<u>88,912</u>	<u>85,328</u>
	<u>196,049</u>	<u>166,340</u>

Cobden Primary School

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

12 Creditors: amounts falling due within one year (continued)

	2019 £	2018 £
Deferred income		
Deferred income at 1 September 2018	85,328	70,222
Resources deferred in the period	88,912	85,328
Amounts released from previous periods	<u>(85,328)</u>	<u>(70,222)</u>
Deferred income at 31 August 2019	<u>88,912</u>	<u>85,328</u>

The closing balance of deferred income mainly relates to Universal Infant Free School Meals and Nursery Education Grant funding received in advance of the 2019/20 academic year.

13 Funds

	Balance at 1 September 2018 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	253,888	1,653,305	(1,521,070)	(42,360)	343,763
Pupil premium	-	186,393	(186,393)	-	-
Other Dfe Group grants	1,534	85,751	(87,285)	-	-
Local Authority grants	-	43,527	(43,527)	-	-
Other trading and donations	-	164,031	(164,031)	-	-
	<u>255,422</u>	<u>2,133,007</u>	<u>(2,002,306)</u>	<u>(42,360)</u>	<u>343,763</u>
Restricted fixed asset funds					
Restricted Fixed Asset Fund	1,626,186	23,167	(94,622)	42,360	1,597,091
Restricted pension funds					
Pension reserve	<u>(800,000)</u>	<u>-</u>	<u>(144,000)</u>	<u>(465,000)</u>	<u>(1,409,000)</u>
Total restricted funds	1,081,608	2,156,174	(2,240,928)	(465,000)	531,854
Unrestricted funds					
Unrestricted general funds	<u>176,959</u>	<u>5,546</u>	<u>(5,917)</u>	<u>-</u>	<u>176,588</u>
Total funds	<u>1,258,567</u>	<u>2,161,720</u>	<u>(2,246,845)</u>	<u>(465,000)</u>	<u>708,442</u>

Cobden Primary School

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

13 Funds (continued)

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

	Balance at 1 September 2017 £	Incoming resources £	Resources expended £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	185,537	1,589,889	(1,506,907)	(14,631)	253,888
Pupil premium	-	172,091	(172,091)	-	-
Other Dfe Group grants	-	61,321	(59,787)	-	1,534
Local Authority grants	-	70,215	(70,215)	-	-
Other funding	-	7,397	(7,397)	-	-
	<u>185,537</u>	<u>1,900,913</u>	<u>(1,816,397)</u>	<u>(14,631)</u>	<u>255,422</u>
Restricted fixed asset funds					
Restricted Fixed Asset Fund	1,661,218	16,065	(65,728)	14,631	1,626,186
Restricted pension funds					
Pension reserve	<u>(972,000)</u>	<u>-</u>	<u>(131,000)</u>	<u>303,000</u>	<u>(800,000)</u>
Total restricted funds	874,755	1,916,978	(2,013,125)	303,000	1,081,608
Unrestricted funds					
Unrestricted general funds	<u>166,296</u>	<u>168,041</u>	<u>(157,378)</u>	<u>-</u>	<u>176,959</u>
Total funds	<u><u>1,041,051</u></u>	<u><u>2,085,019</u></u>	<u><u>(2,170,503)</u></u>	<u><u>303,000</u></u>	<u><u>1,258,567</u></u>

Cobden Primary School

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

13 Funds (continued)

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

The General Annual Grant (GAG) relates to the school's development and operational activities. The transfer from GAG relates to funding towards fixed asset additions in the year.

Pupil Premium relates to additional funding received to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers. All funds have been spent in full within the year.

The DfE Group restricted funds grants consists of Universal Infant Free School Meals (UIFSM) and PE Sport Grant. All funds have been spent in full within the year.

The Local Authority restricted funds grant consists of Special Educational Needs (SEN) funding. All funds have been spent in full within the year.

The pension reserve relates to the school's share of the deficit of the Leicestershire County Council's Local Government Pension Scheme.

Restricted fixed asset funds

DfE Group capital grants relate to funding received from these sources to purchase fixed assets. The closing balance relates to the net book value of the assets concerned.

Capital expenditure from GAG relates to capitalised expenditure allocated to the GAG within this grant's terms. The income element is shown as a transfer from restricted funds, where the GAG is received, to the restricted fixed asset fund where it has been spent. The closing balance represent the net book value of assets concerned.

The transfer from Local Authority relates to the value of £2,325,000 (leasehold land and buildings) transferred from the Local Authority to the Academy on conversion. The closing balance relates to the net book value of the assets concerned.

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 2019.

14 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	1,597,091	1,597,091
Current assets	176,588	539,812	-	716,400
Current liabilities	-	(196,049)	-	(196,049)
Pension scheme liability	-	(1,409,000)	-	(1,409,000)
Total net assets	176,588	(1,065,237)	1,597,091	708,442

Cobden Primary School

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

14 Analysis of net assets between funds (continued)

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

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds £
Tangible fixed assets	-	-	1,626,186	1,626,186
Current assets	176,959	421,762	-	598,721
Current liabilities	-	(166,340)	-	(166,340)
Pension scheme liability	-	(800,000)	-	(800,000)
Total net assets	<u>176,959</u>	<u>(544,578)</u>	<u>1,626,186</u>	<u>1,258,567</u>

15 Commitments under operating leases

Operating leases

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

	2019 £	2018 £
Amounts due within one year	5,243	5,243
Amounts due between one and five years	<u>2,622</u>	<u>7,864</u>
	<u>7,865</u>	<u>13,107</u>

16 Reconciliation of net expenditure to net cash inflow/(outflow) from operating activities

	2018/19 £	2017/18 £
Net expenditure	(85,125)	(85,484)
Depreciation	94,622	65,728
Capital grants from DfE and other capital income	(23,167)	(16,065)
Defined benefit pension scheme costs less contributions payable	121,000	105,000
Defined benefit pension scheme finance cost	23,000	26,000
Increase in debtors	(7,681)	(6,069)
Increase in creditors	<u>29,709</u>	<u>39,244</u>
Net cash provided by Operating Activities	<u>152,358</u>	<u>128,354</u>

Cobden Primary School

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

17 Cash flows from investing activities

	2018/19 £	2017/18 £
Purchase of tangible fixed assets	(65,527)	(30,696)
Capital funding received from sponsors and others	<u>23,167</u>	<u>16,065</u>
Net cash used in investing activities	<u>(42,360)</u>	<u>(14,631)</u>

18 Analysis of cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>659,827</u>	<u>549,829</u>
Total cash and cash equivalents	<u>659,827</u>	<u>549,829</u>

19 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.

20 Pension and similar obligations

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

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

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 and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Cobden Primary School

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

20 Pension and similar obligations (continued)

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £108,414 (2018: £111,980).

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

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

Local government pension scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £161,000 (2018 - £148,000), of which employer's contributions totalled £130,000 (2018 - £118,000) and employees' contributions totalled £31,000 (2018 - £30,000). The agreed contribution rates for future years are 25.3 per cent for employers and 5.5 - 12.5 per cent for employees.

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

Cobden Primary School

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

20 Pension and similar obligations (continued)

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	3.30	3.30
Rate of increase for pensions in payment/inflation	2.30	2.30
Discount rate for scheme liabilities	1.90	2.80
Inflation assumptions (CPI)	2.30	2.30
Commutation of pensions to lump sums	<u>50.00</u>	<u>50.00</u>

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

	2019	2018
Retiring today		
Males retiring today	21.20	22.10
Females retiring today	23.40	24.30
Retiring in 20 years		
Males retiring in 20 years	22.20	23.80
Females retiring in 20 years	<u>24.70</u>	<u>26.20</u>

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

	2019 £	2018 £
Equities	1,118,000	1,031,000
Other bonds	598,000	449,000
Property	154,000	150,000
Cash and other liquid assets	<u>58,000</u>	<u>33,000</u>
Total market value of assets	<u>1,928,000</u>	<u>1,663,000</u>

The actual return on scheme assets was £112,000 (2018 - £72,000).

Cobden Primary School

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

20 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2018/19 £	2017/18 £
Current service cost	204,000	223,000
Past service cost	47,000	-
Interest income	(49,000)	(38,000)
Interest cost	72,000	64,000
Total amount recognized in the SOFA	<u>274,000</u>	<u>249,000</u>

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

	2018/19 £	2017/18 £
At start of period	2,463,000	2,421,000
Current service cost	204,000	223,000
Interest cost	72,000	64,000
Employee contributions	31,000	30,000
Actuarial (gain)/loss	528,000	(269,000)
Benefits paid	(8,000)	(6,000)
Past service cost	47,000	-
At 31 August	<u>3,337,000</u>	<u>2,463,000</u>

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

	2018/19 £	2017/18 £
At start of period	1,663,000	1,449,000
Interest income	49,000	38,000
Actuarial gain/(loss)	63,000	34,000
Employer contributions	130,000	118,000
Employee contributions	31,000	30,000
Benefits paid	(8,000)	(6,000)
At 31 August	<u>1,928,000</u>	<u>1,663,000</u>

21 Related party transactions

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

Cobden Primary School

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

21 Related party transactions (continued)

F Stevens, spouse of M Stevens, Headteacher and Trustee, is employed by the Academy as a teacher. F Stevens appointment was made in open competition and M Stevens was not involved in the decision making process regarding appointment. F Stevens is paid within the normal pay scale for her role and receives no special treatment as a result of her relation to a Trustee.

No other related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.