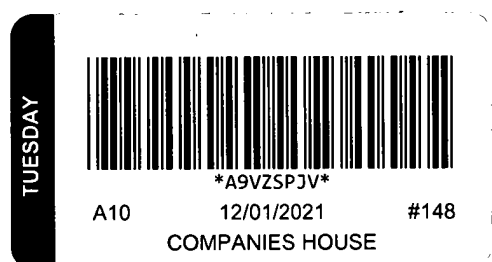


Fareham Academy
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2020

Company Registration Number:
08549807 (England and Wales)



Fareham Academy

Contents

	Page
Reference and Administrative Details	1
Trustees' Report	3
Governance Statement	14
Statement on Regularity, Propriety and Compliance	18
Statement of Trustees' Responsibilities	19
Independent Auditor's Report on the Financial Statements	20
Independent Reporting Accountant's Report on Regularity	23
Statement of Financial Activities incorporating Income & Expenditure Account	26
Balance Sheet	27
Statement of Cash Flows	28
Notes to the Financial Statements	29

Fareham Academy

Reference and Administrative Details

Members

<i>Name</i>	<i>Date Appointed</i>	<i>Date Stepped down:</i>
E Baxter	18 October 2016	27 September 2019
K Childs	16 September 2014	27 September 2019
M Wills	24 May 2018	27 September 2019
L Docherty	27 September 2019	
I Holt	27 September 2019	
S Mead	27 September 2019	
K Ranford	27 September 2019	

Trustees

<i>Name</i>	<i>Category</i>
M Barratt (appointed 17 January 2020)	Member Appointed
K Childs (passed away 27 March 2020)	Governor Appointed
R Clifton (appointed 29 September 2020)	Governor Appointed
C Collins (appointed 27 September 2019)	Governor Appointed
M Goodall	Elected Parent
A Grant	Member Appointed
S Harding (appointed 27 September 2019, resigned 31 August 2020)	Governor Appointed
J Hawksworth (resigned 5 January 2020)	Member Appointed
R Murrell	Elected Parent
D O'Driscoll (appointed 9 October 2020)	Member Appointed
C Pranker	Headteacher
J Rogers (resigned 8 June 2020)	Member Appointed
J Tucker	Member Appointed
M Wills	Governor Appointed

Company Secretary

Michelmores Solicitors Limited

Senior Management Team

Mr C Pranker (from 1 September 2019)	Headteacher
Mr Rajesh Patel	Deputy Headteacher
Mrs Alex Lowe	Deputy Headteacher
Mr David Butterworth	Senior Assistant Headteacher
Miss Rebecca Brice (to 5 January 2020)	Assistant Headteacher
Mr Kris Geddes (from 20 April 2020)	Assistant Headteacher
Mrs Natalie Bungay (from 20 April 2020)	Assistant Headteacher

Company Name

Fareham Academy

Fareham Academy

Reference and Administrative Details

Principal and Registered Office

St Anne's Grove
Fareham
Hampshire
PO14 1JJ

Company Registration Number

08549807 (England and Wales)

Independent Auditor

Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandlers Ford
Eastleigh
Hampshire
SO53 4AR

Bankers

Lloyds Bank
43 West Street
Fareham
PO16 0BE

Solicitors

Michelmores Solicitors
Woodwater House
Pynes Hill
Exeter
EX2 5WR

Fareham Academy

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust operates an academy for pupils aged 11 to 16 serving a catchment area in Fareham, Hampshire. It has a pupil capacity of 900 and had a roll of 812 in the school census during the spring term 2020.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Fareham Academy are also the directors of the charitable company for the purposes of company law. The charitable company operates as Fareham Academy.

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 Trusts has liability insurance which includes Governor's to the value of £25,000,000.

Fareham Academy

Trustees' Report

Method of Recruitment and Appointment or Election of Trustees

The process for appointing or electing trustees at Fareham Academy is outlined below:

Member Appointed Trustee: There are six Member Appointed Trustees who are appointed by the Academy Trust.

Staff Governors: There are two Staff Governors who are elected by members of staff. If the number of staff standing for election is less than the number of vacancies, then they can be appointed by the Governing Body.

Governors Appointed Governors: There are four Governors Appointed Governors who are appointed by the Governing Body.

Parent Governors: There are two Parent Governors who are elected by parents. If the number of parents standing for election is less than the number of vacancies, then they can be appointed by the Governing Body as long as they are in parent of a child of compulsory school age.

All governors are appointed for a four-year term with the exception of the Headteacher who is entitled to be a Governor for as long as he or she is Headteacher.

When a vacancy occurs the Governing Body will ensure that all appropriate parties are made aware of the opportunities, the skills that the Governing Body is seeking and the process to be followed. Information is given to new and prospective governors via emails, website and social media.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Academy Trust has a governor induction policy for new governors and governor induction training is provided by Hampshire Governor Services. The Academy Trust buys into a governor training services level agreement with Hampshire Governor Services to ensure that all governors have access to the appropriate training.

Fareham Academy

Trustees' Report

Organisational Structure

At Fareham Academy the majority of the roles and responsibilities of the Governing Body have been delegated to a small number of committees. The Full Governing Body has retained responsibility for certain aspects. The sub-committees report to the Full Governing Body meeting, held termly.

Members of the Senior Leadership Team (SLT), in addition to the Headteacher, attend Governors' meetings as appropriate.

The Governors are responsible for the strategic management of the Academy, deciding and setting key aspects of the academy, including strategic direction, annual budgets, senior staff appointments, policy changes etc. Operational management is the responsibility for the Headteacher and staff.

Academy policies are developed by senior staff, to reflect both the strategic direction agreed by the Governing Body and also statutory requirements. These policies are approved and adopted by the Governing Body and implemented as procedures and system by the SLT and other designated members of staff.

The Resources Committee has responsibility and delegated authority for the oversight and monitoring of the management of the budget share. The committee considers and presents for Full Governors approval of the annual school budget and the 3-year plan. The committee fulfils the role of the Audit Committee and has responsibility to assist the Governing Body in the internal control structure, procedures for financial reporting, monitoring the financial statements and risk management processes. In addition, covers the planning, implementation, monitoring and evaluation of the staffing structure in the context of the academy's strategic and improvement plans. It also oversees the community use of the academy, Health & Safety, security and maintenance and development of the Academy buildings and grounds.

The Pay Committee has full delegated powers to make all decisions about individuals pay on behalf of the Governing Body.

The Achievement, Standards and Welfare Committee oversees and monitors the curriculum provision and monitors and oversees the development of further strategies to address differences in achievement. In addition, the Committee oversees special education needs, extra-curricular activities, behaviour and attendance.

The Full Governing Body meets on a termly basis and receives minutes from each of the sub-committees.

Fareham Academy

Trustees' Report

Arrangements for setting pay and remuneration of key management personnel

The Trustees of Fareham Academy act with integrity, confidentiality, objectivity and honesty in the best interests of the academy; are open about decisions made and actions taken, and are prepared to explain decisions and actions to interested persons. The procedure for determining pay is consistent with the principles of public life, objectivity, openness and accountability.

Pay and remuneration of key management personnel is determined by a variety of contributory factors, such as, the school group size, ISR, the pay scales for each role e.g. Headteacher, Deputy Headteacher, Assistant Headteacher, and the level of experience of the staff member. In addition to this, levels of pay may be affected by any nationally agreed pay awards, the ability to recruit key management personnel and retain them in post, which all coincides with the school's appointment and pay policies. All amendments to key management personnel's pay and remuneration is discussed and agreed by the Governing Body.

The pay for key school staff is determined on appointment in accordance with the scale of grades, currently where applicable in line with the Local Authority, which the Trustees consider appropriate for the post. The Trustees may from time to time review the scale of grades for support staff if there is a significant change to the role they were initially appointed to.

Trade union facility time

In respect of the provisions of the Trade Union (Facility Time Publication Requirements) regulations 2017, Fareham Academy does not have any trade union representatives who are required to carry out trade union duties.

Related Parties and other Connected Charities and Organisations

Fareham Academy is a single academy and historically has had limited formal support from external partnerships and networks. The Academy works with local and national schools through established networks although these relationships are largely informal. We have Service Level Agreements in place with Michelmores Solicitors for Human resources and Legal Support, Hampshire County Council covering payroll, governor services, pension, and Newly Qualified Teachers support. This has minimised the potential risk to the Academy, particularly if key staff were to be absent for an extended period.

Fareham Academy

Trustees' Report

Objectives and Activities

Objects and Aims

The main objective of the Academy Trust is to advance the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, managing and developing a school offering a broad and balanced curriculum. It is also to promote for the benefit of the inhabitants of Fareham and the surrounding area the provision of facilities or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interest of social welfare and with the object of improving the condition of life of the said inhabitants.

The main objectives of the Trust during the period ended 31st August 2020 are summarised below:

- to raise the standard of educational achievements of all students in the Academy
- to ensure that every student enjoys the same high-quality education in terms of resourcing, teaching and learning
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structures under continual review
- to comply with all appropriate statutory and curriculum requirements
- to provide value for money for the funds expended
- to conduct the Trust and Academy business in accordance with the highest standards of integrity, probity and openness

The aims of the Academy Trust are to continue:

- to provide a highly effective, ambitious, creative and challenging curriculum which meets the needs and challenges faced by individual students in the 21st century
- to ensure that all students receive an appropriate challenge in all subject areas, based on a high quality assessment of their achievement and reliable monitoring of their progress
- to provide the highest quality of education and promote consistently high expectations of our students
- to set all students explicit targets for improvement in each subject
- to systematically evaluate the effectiveness of teaching and learning in all subject areas
- to work with staff, students, parents, governors and the community to create a happy, stimulating and supportive environment for learning
- to maintain our rapid and sustained progress of exam success for our students to enable them acquire the skills and knowledge to achieve their full potential in a rapidly changing world
- to value every student equally and promote equal opportunities for all students by having high expectations that all can succeed and by ensuring equal access to the curriculum
- to celebrate success
- to continue our uncompromising drive to become an outstanding school

The Academy Trust strongly believes that by developing transferable skills such as teamwork, communication, problem solving and innovation, students will be better prepared for the constantly changing world.

Fareham Academy

Trustees' Report

Objectives, Strategies and Activities

Our main whole school objectives for the period 1st September 2019 to 31st August 2020 are:

To grow a culture where education is valued by all and used by everyone as the key to unlock future opportunity. Where staff cultivate a desire for learning and self-improvement and students feel safe and supported in order to reach their personal potential, therefore leaving the Academy as well mannered, confident and culturally rich individuals.

Effectiveness of Leadership

To develop the quality and impact of Continuing Professional Development in order to meet the needs of both the Academy and the individual to:

- Further develop the quality of teaching, learning and assessment
- Further build leadership across Fareham Academy
- Support staff to achieve their professional goals and realise their potential
- Build a culture of staff wellbeing centred improvement

Behaviour & Attitudes

To embed consistent systems to support positive learning attitudes and behaviours in order to unlock the potential in all students.

Overall Effectiveness: Teaching & Learning

To develop a culture of limitless potential and raised aspiration through the implementation of high challenge and growth mindset in all classrooms.

Overall Effectives: Outcomes

Further improve the progress made by all students in comparison with their cohort nationally with a particular focus on English and Mathematics for 2019-2020.

To close the progress gap between niche groups of students and their peers with a particular focus on:

- Disadvantaged
- Boys
- Students who joined the Academy after September 2017 (year 9)

Fareham Academy

Trustees' Report

Public Benefit

The Academy Trust's chief charitable purpose is to advance for the public benefit, education in the United Kingdom. The achievements and performance outlined below, along with the statement of financial activities, are evidence that the Governors recognise and have complied with their duty to ensure that funds are spent for the public benefit.

The Academy provides secondary education to 812 young people aged 11 through 16, with students studying towards achieving GCSEs. The Academy ensures that it provides a rich and balanced education to young people by meeting the requirements of the national curriculum. It also provides a range of events, activities, school trips as well as social and moral education to extend the learning and opportunities for young people.

In setting our objectives and planning our activities the trustees have carefully considered the Charity Commission's general guidance on public benefit.

Strategic Report

Achievements and Performance

Measure	2019-2020	2018-19	2017-18	2016-17
Progress 8 Score	0.03	-0.56	-0.41	-0.075
Attainment 8 Score	48.59	43.72	45.6	45.49
Basics (9-4) in Eng & Maths	59.2	56.1	60%	53.2%
Achieved EBacc	20.7	12.2	17.3%	13%
Entered EBacc	24.8	32.4	45.5%	83%

Fareham Academy

Trustees' Report

Key Performance Indicators

Disadvantaged Student Gap (DS Gap)

Measure	Non – DS	DS
Progress 8 Score	0.24	-0.51
Attainment 8 Score	52.32	39.05
Basics (9-4) in Eng & Maths	67.8	38.2
Achieved EBacc	27.6	2.9
Entered EBacc	33.3	2.9

Measure	Girls	Boys
Progress 8 Score	-0.39	-0.33
Attainment 8 Score	52.07	45.05
Basics (9-4) in Eng & Maths	67.2	51.7
Achieved EBacc	26.2	15.0
Entered EBacc	29.5	20.0

Comparative Attendance Analysis

Year	2019-2020	2018-19	2017/2018	2016/17	2015/16
Year 7	95.10%	95.70	95.54%	96.21%	95.52%
Year 8	94.11%	94.44	94.91%	94.79%	95.51%
Year 9	92.63%	95.55	93.77%	94.96%	95.18%
Year 10	83.27%	95.76	94.87%	93.64%	95.07%
Year 11	95.41%	95.45	94.87%	95.86%	95.06%
Total	91.77%	95.34%	94.63%	95.21%	95.24%

Fareham Academy

Trustees' Report

Going Concern

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

Financial Review

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

During the year a devolved formula capital grant of £16,724 and a £1,389,344 Condition Improvement Fund capital grant were received, and are shown in the Statement of Financial Activities (SOFA) as restricted fixed asset funds.

Non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the balance sheet shows a net liability of £1,414,000 (2019: £1,041,000).

Reserves Policy

The Academy's 'free reserves' are its funds after excluding restricted funds. Free Reserves are the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure.

The reserves as at 31 August 2020 were as follows:

- Unrestricted (free) reserves of £470,660
- A restricted fixed asset fund of £4,669,010, which can only be realised through disposal of tangible fixed assets
- A pension deficit of £1,414,000
- Other restricted funds of £46,299
- Total funds of £3,771,969

There is a £1,414,000 deficit in respect of the Local Government Pension Scheme. This will result in increased employers' pension contributions over a period of years. We have reflected the effect of increased pension costs in our future budgets. Increased pension contributions will be met from the academy trust's budgeted annual income, and whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund, or direct impact on the free reserves of the academy trust as a result of recognising the deficit.

Investment Policy

With respect to cash holdings, the Governors have adopted a low risk strategy.

Fareham Academy

Trustees' Report

Principal Risks and Uncertainties

Financial

As an Academy funded directly by the DfE funding streams are considered to be reasonably safe and secure. The risk mainly arises from changes in Government policy and funding levels. The Governors have a risk management strategy which is managed and reviewed on a regular basis.

Reputational

The Academy's continue success is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding & Child Protection

The Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health and safety and discipline.

Staffing

The success of the Academy is reliant on the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds

The Academy Trust undertakes internal checks on financial systems and records as required by the Academies Financial Handbook.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. A risk register is maintained and reviewed and updated on a regular basis.

Fundraising

As part of its work within the community, the academy trust undertakes fundraising activities, for example through fetes, cake sales, non-uniform days etc. The academy trust raises funds in order to support its own operations and also to make donations to local and national charities. The academy trust undertakes all such activities itself, with the help of its students and their families. We confirm that when fundraising:

- No unsolicited approaches are made to members of the public.
- No commercial participators are used.
- No regularity schemes or standards are applicable.
- No complaints were made to the academy trust during the year.

Streamlined Energy and Carbon Reporting

Fareham Academy does not meet two or more of the criteria for streamlined energy and carbon reporting.

Fareham Academy

Trustees' Report

Plans for Future Periods

Governors and the Senior Leadership Team of the Academy meet annually to review the key objectives and the annual School Development Plan.

Funds Held as Custodian Trustee on Behalf of Others


During the period 1 September 2019 to 31 August 2020 Fareham Academy did not hold any funds as a custodian trustee on behalf of any charitable organisation.

Auditor

Insofar as the trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 10 December 2020 and signed on the board's behalf by:



Mark Goodall (Jan 5, 2021 16:38 GMT)

M Goodall

Trustee

Fareham Academy

Governance Statement

Scope of Responsibility

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

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

Governance

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

Trustee Meeting Attendance report 19/20									
Trustee name	FGB	%	A&S&W	%	Resources	%	Policy	%	Total
Andy Grant	5/6	100	2/3	67					7/9
Janet Tucker	6/6	100	3/3	100	4/4	100			13/13
Martin Wills	6/6	100	3/3	100	4/4	100	3/3	100	16/16
Charlie Childs (Passed away 27.03.20)	2/2	100	1/2	50	1/2	50	1/2	50	5/8
Julie Hawksworth (Resigned 05.01.20)	2/2	100	0/1	0	1/1	100			3/4
Clare Collins (Appointed 27.09.19)	5/5	100	2/2	100					7/7
Mark Goodall	6/6	100			4/4	100	2/3	67	12/13
Jenni Harding (Resigned 08.06.20)	4/4	100	2/3	67			3/3	100	9/10
Stephen Harding (Appointed 27.09.19, Resigned 31.08.20)	2/5	40			1/3	33			3/8
Richard Murrell	5/6	83	2/3	67	4/4	100	3/3	100	14/16
Martin Barratt (Appointed 17.01.20)	3/4	75	2/2	100					5/6
Chris Pranker (Appointed 01.09.19)	6/6	100	3/3	100	4/4	100	3/3	100	16/16

Governance reviews:

A "Governor retreat" was held on 13th & 14th September 2019, when the Board of Trustees carried out a review of their impact and effectiveness as a result of their monitoring plan during the 2018/19 year. The 2019/20 Action Plan was discussed and formalised with members of the Senior Leadership Team, after which the governors reassessed their monitoring plan to reflect the new targets. Whole Governing Body Training was also completed on 'Monitoring and Evaluation'.

Resources Committee

The Resources Committee meet termly and is responsible for finance, audit, staff, site, safety and community. The committee carry out their delegated responsibilities in accordance with the terms of reference which are reviewed annually. Attendance at these meetings in the year is shown in the table above.

Fareham Academy

Governance Statement

Governance (continued)

Achievement, Standards & Welfare Committee

The Achievement, Standards and Welfare Committee meet termly and is responsible for the curriculum, student attainment and progress and for special education needs, behaviour and attendance. The committee carry out their delegated responsibilities in accordance with the terms of reference which are reviewed annually. Attendance at these meetings in the year is shown in the table above.

Policy Committee

The Policy Committee meets termly and is responsible for monitoring and reviewing the Academy's policies. The committee carry out their delegated responsibilities in accordance with the terms of reference which are reviewed annually. Attendance at these meetings in the year is shown in the table above.

Review of Value for Money

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

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

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Fareham Academy for the year ending 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

Fareham Academy

Governance Statement

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- 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 board of trustees has considered the need for a specific internal audit function. During the period to February 2020, a programme of internal checks was carried out by non-employed governors who provided a report on the checks to the Resources Committee. Subsequently the external auditor, Hopper Williams & Bell Limited, was appointed to carry out an internal scrutiny role. Due to the effects of the Covid-19 pandemic and the consequent lockdown, the external auditor only carried out one visit, in July 2020.

Under the Financial Reporting Council's revised Ethical Standard, an external auditor can no longer provide internal audit services. The Standard includes transitional arrangements which permit existing engagements at 15 March 2020 to conclude. The governors will therefore appoint a new adviser to carry out internal scrutiny work in 2020/21.

The checks carried out during the year included:

- testing of payroll systems
- testing of purchase systems
- testing of control account / bank reconciliations
- testing of compliance with the Academies Financial Handbook which included: petty cash, charge card, fixed assets, income received, journals register, and monitoring of gifts and hospitality.

On a termly basis, the governors report to the board of trustees, through the Resources Committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

Fareham Academy

Governance Statement


Review of Effectiveness

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

- the work of the internal reviewers
- the work of the external auditor
- 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 resources committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 10 December 2020 and signed on its behalf by:



Mark Goodall (Jan 5, 2021 16:38 GMT)

M Goodall
Trustee



C J Prankerd (Jan 11, 2021 11:49 GMT)

C Prankerd
Accounting Officer


Fareham Academy

Statement of Regularity, Propriety and Compliance

As accounting officer of Fareham Academy I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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


C J Prankerd (Jan 11, 2021 11:49 GMT)

C Prankerd
Accounting Officer
10 December 2020

Fareham Academy

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:

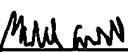
- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards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

The 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 of trustees on 10 December 2020 and signed on its behalf by:


Mark Goodall (Jan 5, 2021 16:38 GMT)

M Goodall
Trustee

Fareham Academy

Independent Auditor's Report on the Financial Statements to the Members of Fareham Academy

Opinion

We have audited the financial statements of Fareham Academy ('the charitable company') for the year ended 31 August 2020 which comprise the Statement of Financial Activities (including the Income and Expenditure Account), the Balance Sheet, the 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its 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 properly prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2019 to 2020.

Basis for opinion

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

Conclusions relating to going concern

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

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

Fareham Academy

Independent Auditor's Report on the Financial Statements to the Members of Fareham Academy

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. It includes the Reference and Administrative Details, the Trustees' Report (including the Strategic Report), and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Fareham Academy

Independent Auditor's Report on the Financial Statements to the Members of Fareham Academy

Responsibilities of the trustees

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

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

Our responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of Independent Auditors.

Use of our report

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

David Brookes
David Brookes (Jan 11, 2021 12:21 GMT)

D Brookes FCA (Senior statutory auditor)
For and on behalf of Hopper Williams & Bell Limited
Statutory Auditor
Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date 11/01/2021

Fareham Academy

Independent Reporting Accountant's Assurance Report on Regularity to Fareham Academy and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 1 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Fareham Academy during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Fareham Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Fareham Academy's funding agreement with the Secretary of State for Education dated 1 September 2013 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Fareham Academy

Independent Reporting Accountant's Assurance Report on Regularity to Fareham Academy and the Education & Skills Funding Agency

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Consideration as to whether prior approval was sought from the Secretary of State where it is required by the Academies Financial Handbook (AFH).
- Review of any special payments to staff, including compromise agreements, to consider whether prior approval was sought where required by the AFH and that any payments are in line with the severance guidance published by ESFA.
- Consideration as to whether any borrowings have been made in accordance with the AFH.
- Review of any 'minded to' letters or Financial Notices to Improve have been issued to the academy trust.
- Review of any transactions with related parties to ensure that they have been carried out in accordance with the AFH.
- Review of governance arrangements to determine whether the requirements of the AFH have been met.
- Review of the academy trust's internal controls, including whether the general control environment has regard to the regularity of underlying transactions, including fraud management.
- Review of the academy trust's procurement policies to determine effectiveness and testing a sample of purchases to confirm that the policies have been correctly implemented.
- Identifying any conditions associated with specialist grant income and determining whether it has been spent as the purposes intended.

Fareham Academy

Independent Reporting Accountant's Assurance Report on Regularity to Fareham Academy and the Education & Skills Funding Agency

Conclusion

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

David Brookes

David Brookes (Jan 11, 2021 12:21 GMT)

D Brookes FCA

Reporting Accountant

Hopper Williams & Bell Limited

Chartered Accountants

Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

11/01/2021

Date

Fareham Academy

Statement of Financial Activities for the year ended 31 August 2020 (including Income and Expenditure Account)

	Note	Un- restricted funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	2019/20 Total £	2018/19 Total £
Income and endowments from:							
Donations and capital grants	2	-	-	-	1,406,068	1,406,068	69,999
Charitable activities:							
Funding for the academy trust's educational operations	3	-	4,449,485	-	-	4,449,485	4,094,514
Other trading activities	4	28,008	-	-	-	28,008	49,663
Investments	5	345	-	-	-	345	1,201
Total		28,353	4,449,485	-	1,406,068	5,883,906	4,215,377
Expenditure on:							
Charitable activities:							
Academy trust educational operations	7	-	4,403,186	159,000	230,268	4,792,454	4,409,134
Net income / (expenditure)		28,353	46,299	(159,000)	1,175,800	1,091,452	(193,757)
Other recognised gains / (losses):							
Actuarial losses on defined benefit pension schemes	24	-	-	(214,000)	-	(214,000)	(323,000)
Net movement in funds		28,353	46,299	(373,000)	1,175,800	877,452	(516,757)
Reconciliation of funds							
Total funds brought forward		442,307	-	(1,041,000)	3,493,210	2,894,517	3,411,274
Total funds carried forward		470,660	46,299	(1,414,000)	4,669,010	3,771,969	2,894,517

The notes on pages 29 to 51 form part of these financial statements.

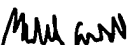
Fareham Academy

Balance Sheet as at 31 August 2020

Company Number 08549807

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	11		3,351,518		3,423,211
Current assets					
Stock	12	18,243		16,612	
Debtors	13	1,561,293		163,438	
Cash at bank and in hand		<u>701,202</u>		<u>570,682</u>	
		2,280,738		750,732	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(446,287)</u>		<u>(238,426)</u>	
Net current assets			<u>1,834,451</u>		<u>512,306</u>
Total assets less current liabilities			5,185,969		3,935,517
Defined benefit pension scheme liability	24		(1,414,000)		(1,041,000)
Total net assets			<u>3,771,969</u>		<u>2,894,517</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	15	4,669,010		3,493,210	
Restricted income fund	15	46,299		-	
Pension reserve	15	<u>(1,414,000)</u>		<u>(1,041,000)</u>	
Total restricted funds			3,301,309		2,452,210
Unrestricted income funds	15		470,660		442,307
Total funds			<u>3,771,969</u>		<u>2,894,517</u>

The financial statements on pages 26 to 51 were approved by the trustees and authorised for issue on 10 December 2020 and are signed on their behalf by:


Mark Goodall (Jan 5, 2021 16:38 GMT)

M Goodall
Trustee

The notes on pages 29 to 51 form part of these financial statements.

Fareham Academy

Statement of Cash Flows for the year ended 31 August 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	19	137,194	92,064
Cash flows from investing activities	20	(6,674)	(2,484)
Change in cash and cash equivalents in the reporting period		130,520	89,580
Cash and cash equivalents at 1 September 2019		570,682	481,102
Cash and cash equivalents at 31 August 2020	21	701,202	570,682

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

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 2019 to 2020 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 recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

- **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.

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

Income (continued)

- **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'.

Expenditure

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

- **Charitable Activities**

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.

All resources expended are inclusive of irrecoverable VAT.

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the 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.

Depreciation is provided on all tangible fixed assets other than 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, as follows:

Leasehold Land and Buildings	50 years straight line on buildings; not provided on land
Leasehold Improvements	15-50 years straight line
Furniture and Equipment	5 years straight line
Computer Equipment	3 years straight line
Motor Vehicles	5 years straight line

Long leasehold land has not been depreciated as it is similar to freehold land, which does not require depreciation.

Where the academy trust can identify the value of major components of freehold or leasehold buildings based upon additions following conversion to academy status, the academy trust reviews whether one or more such components have significantly different patterns of consumption of economic benefits. In such cases, the academy trust allocates the cost of the asset to its major components and depreciates each component separately over its useful life.

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.

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.

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

Provisions

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

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

Leased Assets

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

Financial Instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

Cash at bank

Cash at bank is classified as a basic financial instrument and is measured at face value. An investment is treated as a cash equivalent when it has a short maturity of three months or less from the date of acquisition.

Financial liabilities

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

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Taxation

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

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

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

Pensions 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.

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions 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 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The assumptions used are disclosed in note 24.

Critical areas of judgement

There are no other critical areas of judgement.

2 Donations and capital grants

	Unrestricted funds	Restricted funds	2019/20 Total	2018/19 Total
	£	£	£	£
Capital grants	-	1,406,068	1,406,068	69,999
<i>Total 2019</i>	-	69,999	69,999	

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
DfE / ESFA grants				
General Annual Grant (GAG)	-	3,692,029	3,692,029	3,540,697
Pupil Premium	-	202,334	202,334	196,426
Other DfE Group grants	-	260,399	260,399	44,092
	-	4,154,762	4,154,762	3,781,215
Other government grants				
Local authority grants	-	180,536	180,536	157,425
Other income from the academy trust's educational operations				
Trip income	-	59,500	59,500	77,579
Other income	-	54,687	54,687	78,295
	-	114,187	114,187	155,874
	-	4,449,485	4,449,485	4,094,514
<i>Total 2019</i>	-	4,094,514	4,094,514	

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Hire of facilities	28,008	-	28,008	49,663
<i>Total 2019</i>	49,663	-	49,663	

5 Investment income

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Short term deposits	345	-	345	1,201
<i>Total 2019</i>	1,201	-	1,201	

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

6 Expenditure

	Non Pay Expenditure			Total	Total
	Staff costs	Premises	Other	2019/20	2018/19
	£	£	£	£	£
Academy's educational operations:					
Direct costs	2,972,259	-	459,024	3,431,283	3,249,697
Allocated support costs	669,001	376,188	315,982	1,361,171	1,159,437
	3,641,260	376,188	775,006	4,792,454	4,409,134
Total 2019	3,455,850	193,384	759,900	4,409,134	

Net income/(expenditure) for the period includes:

	2019/20	2018/19
	£	£
Operating lease rentals	48,161	78,519
Depreciation	79,167	84,060
(Gain)/loss on disposal of fixed assets	(800)	-
Fees payable to auditor for:		
Audit	7,705	7,430
Other services	<u>6,525</u>	<u>7,141</u>

Included within expenditure are the following transactions:

	Individual items above £5,000	
Total	Amount	Reason
£	£	
Gifts made by the academy trust	293	-

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

7 Charitable activities

	2019/20 Total £	2018/19 Total £
Direct costs	3,431,283	3,249,697
Support costs	1,361,171	1,159,437
	4,792,454	4,409,134

Analysis of support costs:

	Educational operations £	2019/20 Total £	2018/19 Total £
Support staff costs	669,001	669,001	668,501
Depreciation	79,167	79,167	84,060
Premises costs	376,188	376,188	193,384
Other support costs	222,585	222,585	198,921
Governance costs	14,230	14,230	14,571
Total support costs	1,361,171	1,361,171	1,159,437
<i>Total 2019</i>	<i>1,159,437</i>	<i>1,159,437</i>	

Premises costs includes £151,901 (2019: £0) in respect of expenditure on capital projects, which were funded by capital grants from the ESFA.

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

8 Staff

a) Staff costs

Staff costs during the period were:

	2019/20	2018/19
	£	£
Wages and salaries	2,584,381	2,592,002
Social security costs	240,033	238,621
Pension costs	697,896	580,575
	3,522,310	3,411,198
Agency staff costs	118,950	44,652
	3,641,260	3,455,850

b) Staff numbers

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

	2019/20	2018/19
	No.	No.
Teachers	46	46
Administration and support	44	45
Management	8	5
	98	96

c) Higher paid staff

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

	2019/20	2018/19
	No.	No.
£60,001 - £70,000	1	2
£70,001 - £80,000	1	1

d) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £374,720 (2019: £390,617).

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

9 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.

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

		2019/20 £000	2018/19 £000
A Deasy (Staff trustee to 31 August 2019)	Remuneration	-	75-80
	Employer's pension contributions paid	-	10-15
C Collins (Staff trustee to 31 August 2019)	Remuneration	-	45-50
	Employer's pension contributions paid	-	5-10
R Patel (Staff trustee to 21 May 2019)	Remuneration	-	45-50
	Employer's pension contributions paid	-	5-10
C Prankerd (Staff trustee from 1 September 2019)	Remuneration	75-80	-
	Employer's pension contributions paid	5-10	-

During the period ended 31 August 2020, no trustees received any reimbursement of expenses (2019: none).

10 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 £5m on any one claim and the cost for the period ended 31 August 2020 was £131 (2019: £131). The cost of this insurance is included in the total insurance cost.

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

11 Tangible fixed assets

	Leasehold Land and Buildings £	Leasehold Improve- ments £	Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost						
At 1 September 2019	3,560,000	99,322	275,762	458,534	8,000	4,401,618
Acquisitions	-	-	4,984	2,490	-	7,474
Disposals	-	-	-	-	(8,000)	(8,000)
At 31 August 2020	3,560,000	99,322	280,746	461,024	-	4,401,092
Depreciation						
At 1 September 2019	274,920	6,325	240,855	448,307	8,000	978,407
Charged in year	45,820	3,728	20,006	9,613	-	79,167
Disposals	-	-	-	-	(8,000)	(8,000)
At 31 August 2020	320,740	10,053	260,861	457,920	-	1,049,574
Net book values						
At 31 August 2019	3,285,080	92,997	34,907	10,227	-	3,423,211
At 31 August 2020	3,239,260	89,269	19,885	3,104	-	3,351,518

12 Stock

	2019/20 £	2018/19 £
Uniform stocks	18,243	16,612

13 Debtors

	2019/20 £	2018/19 £
Trade debtors	600	8,635
VAT recoverable	20,838	22,549
Other debtors	11,830	-
Prepayments and accrued income	1,528,025	132,254
	1,561,293	163,438

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

14 Creditors: amounts falling due within one year

	2019/20	2018/19
	£	£
Trade creditors	69,395	4,589
Other taxation and social security	60,252	56,106
Other creditors falling due within one year	80,241	52,501
Accruals and deferred income	236,399	125,230
	446,287	238,426

	2019/20	2018/19
	£	£
Deferred income at 1 September 2019	103,769	41,268
Released from previous years	(103,769)	(41,268)
Resources deferred in the year	47,327	103,769
Deferred income at 31 August 2020	47,327	103,769

At the balance sheet date the academy trust was holding funds received in advance for for trips booked for the forthcoming financial year.

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

15 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2020 £
Restricted general funds						
General Annual Grant (GAG)	-	3,692,029	(3,645,730)	-	-	46,299
Pupil Premium	-	202,334	(202,334)	-	-	-
Other DfE/ESFA grants	-	260,399	(260,399)	-	-	-
Other government grants	-	180,536	(180,536)	-	-	-
Other educational activities	-	114,187	(114,187)	-	-	-
	-	4,449,485	(4,403,186)	-	-	46,299
Pension reserve	(1,041,000)	-	(159,000)	-	(214,000)	(1,414,000)
	(1,041,000)	4,449,485	(4,562,186)	-	(214,000)	(1,367,701)
Restricted fixed asset funds						
Fixed asset fund	3,423,211	-	(78,367)	6,674	-	3,351,518
ESFA capital grants (DFC)	52,999	16,724	-	(6,674)	-	63,049
ESFA capital grants (CIF)	-	1,389,344	(151,901)	-	-	1,237,443
William Price Charitable Trust	17,000	-	-	-	-	17,000
	3,493,210	1,406,068	(230,268)	-	-	4,669,010
Total restricted funds	2,452,210	5,855,553	(4,792,454)	-	(214,000)	3,301,309
Total unrestricted funds	442,307	28,353	-	-	-	470,660
Total funds	2,894,517	5,883,906	(4,792,454)	-	(214,000)	3,771,969

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

15 Funds (continued)

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

General annual grant

This includes all funding received from the ESFA to carry out the objectives of the academy. It includes the school budget share; minimum funding guarantee; education services grant; insurance; rates; and pre-16 high needs funding streams.

Other DfE/ESFA grants

This is funding received from the ESFA for specific purposes, for example pupil premium funding.

Local authority grants

This is funding received from the local authority for specific purposes, for example Special Educational Needs funding.

Other educational activities

This includes all other educational income/expenditure.

Pension reserve

This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the academy trust on conversion.

Fixed asset fund

The fund includes the value of the tangible fixed assets of the academy on conversion, and amounts transferred from GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

DfE/ESFA capital grants

This is funding received from the DfE/ESFA specifically for expenditure on tangible fixed assets.

Transfers between funds

Transfers to the restricted fixed asset fund represent the cost of fixed asset additions which have been funded from restricted or unrestricted general funds.

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

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

15 Funds (continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2019 £
Restricted general funds						
General Annual Grant (GAG)	-	3,540,697	(3,603,257)	62,560	-	-
Pupil Premium	-	196,426	(196,426)	-	-	-
Other DfE/ESFA grants	-	44,092	(44,092)	-	-	-
Other government grants	-	157,425	(157,425)	-	-	-
Other educational activities	-	155,874	(155,874)	-	-	-
	-	4,094,514	(4,157,074)	62,560	-	-
Pension reserve	(550,000)	-	(168,000)	-	(323,000)	(1,041,000)
	(550,000)	4,094,514	(4,325,074)	62,560	(323,000)	(1,041,000)
Restricted fixed asset funds						
Fixed asset fund	3,504,787	-	(84,060)	2,484	-	3,423,211
ESFA capital grants (DFC)	-	52,999	-	-	-	52,999
William Price Charitable Trust	-	17,000	-	-	-	17,000
	3,504,787	69,999	(84,060)	2,484	-	3,493,210
Total restricted funds	2,954,787	4,164,513	(4,409,134)	65,044	(323,000)	2,452,210
Total unrestricted funds	456,487	50,864	-	(65,044)	-	442,307
Total funds	3,411,274	4,215,377	(4,409,134)	-	(323,000)	2,894,517

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

16 Analysis of net assets between funds

	Un-restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	3,351,518	3,351,518
Current assets	470,660	492,586	-	1,317,492	2,280,738
Current liabilities	-	(446,287)	-	-	(446,287)
Pension scheme liability	-	-	(1,414,000)	-	(1,414,000)
Total net assets	470,660	46,299	(1,414,000)	4,669,010	3,771,969

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

	Un-restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	3,423,211	3,423,211
Current assets	442,307	238,426	-	69,999	750,732
Current liabilities	-	(238,426)	-	-	(238,426)
Pension scheme liability	-	-	(1,041,000)	-	(1,041,000)
Total net assets	442,307	-	(1,041,000)	3,493,210	2,894,517

17 Capital commitments

	2019/20	2018/19
	£	£
Contracted for, but not provided in the financial statements	1,237,443	-

18 Commitments under operating leases

At 31 August 2020 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019/20	2018/19
	£	£
Amounts due within one year	57,645	56,618
Amounts due between one and five years	93,225	73,141
	150,870	129,759

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

19 Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2019/20	2018/19
	£	£
Net income / (expenditure) for the reporting period	1,091,452	(193,757)
Adjusted for:		
Depreciation	79,167	84,060
(Gain)/loss on disposal of fixed assets	(800)	-
Defined benefit pension scheme cost less contributions payable	141,000	155,000
Defined benefit pension scheme finance cost	18,000	13,000
(Increase) / decrease in stocks	(1,631)	8,611
(Increase) / decrease in debtors	(1,397,855)	6,944
Increase in creditors	207,861	18,206
Net cash provided by Operating Activities	<u>137,194</u>	<u>92,064</u>

20 Cash flows from investing activities

	2019/20	2018/19
	£	£
Proceeds from sale of tangible fixed assets	800	-
Purchase of tangible fixed assets	(7,474)	(2,484)
Net cash used in investing activities	<u>(6,674)</u>	<u>(2,484)</u>

21 Analysis of cash and cash equivalents

	2019/20	2018/19
	£	£
Cash at bank and in hand	<u>701,202</u>	<u>570,682</u>

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

22 Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	Acquisition/ disposal of subsidiaries £	New finance leases £	Other non-cash changes £	At 31 August 2020 £
Cash	570,682	130,520	-	-	-	701,202
Total	570,682	130,520	-	-	-	701,202

23 Members liability

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

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

24 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 Hampshire County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £66,364 were payable to the schemes at 31 August 2020 (2019: £52,330) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy).
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million.
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to TPS in the period amounted to £426,471 (2019: £292,720).

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.

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

24 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was as follows:

	2020	2019
	£	£
Employer's contributions	128,000	131,000
Employees' contributions	37,000	37,000
	<u>165,000</u>	<u>168,000</u>

The agreed contribution rates for future years are 18.9% for employers and 5.5% to 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of 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.

Principal actuarial assumptions

	2020	2019
Rate of increase in salaries	3.3%	3.5%
Rate of increase for pensions in payment/inflation	2.3%	2.0%
Discount rate for scheme liabilities	1.7%	1.9%
Inflation assumption (CPI)	<u>2.3%</u>	<u>2.0%</u>

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

	2020	2019
<i>Retiring today</i>		
Males	23.0	23.1
Females	<u>25.5</u>	<u>25.8</u>
<i>Retiring in 20 years</i>		
Males	24.7	24.7
Females	<u>27.2</u>	<u>27.6</u>

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

24 Pension and similar obligations (continued)

Sensitivity analysis

Increase/(reduction) in defined benefit obligation

	2020	2019
	£	£
Discount rate +0.1%	(80,000)	(63,000)
Discount rate -0.1%	83,000	64,000
Mortality assumption – 1 year increase	104,000	83,000
Mortality assumption – 1 year decrease	(104,000)	(82,000)

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

	2020	2019
	£	£
Equities	879,000	865,000
Property	93,000	103,000
Government bonds	301,000	296,000
Cash	25,000	27,000
Other	253,000	146,000
Total market value of assets	1,551,000	1,437,000

The actual return on scheme assets was -£23,000 (2019: £77,000).

Amount recognised in the Statement of Financial Activities

	2019/20	2018/19
	£	£
Current service cost	269,000	196,000
Past service cost	-	90,000
Interest income	(29,000)	(36,000)
Interest cost	47,000	49,000
Total amount recognised in the SOFA	287,000	299,000

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

24 Pension and similar obligations (continued)

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

	2019/20	2018/19
	£	£
At 1 September	2,478,000	1,749,000
Current service cost	269,000	196,000
Interest cost	47,000	49,000
Employee contributions	37,000	37,000
Actuarial loss	162,000	364,000
Benefits paid	(28,000)	(7,000)
Past service cost	-	90,000
At 31 August	2,965,000	2,478,000

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

	2019/20	2018/19
	£	£
At 1 September	1,437,000	1,199,000
Interest income	29,000	36,000
Actuarial (loss) / gain	(52,000)	41,000
Employer contributions	128,000	131,000
Employee contributions	37,000	37,000
Benefits paid	(28,000)	(7,000)
At 31 August	1,551,000	1,437,000

25 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which 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.

Expenditure Related Party Transactions:

K Nuttall Flooring Limited - a company controlled by a close family member of I Holt (member)

- The academy trust made purchases totalling £900 (2019: £nil) during the period. There were no amounts outstanding at 31 August 2020 (2019: £nil).
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which I Holt neither participated in, nor influenced.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.