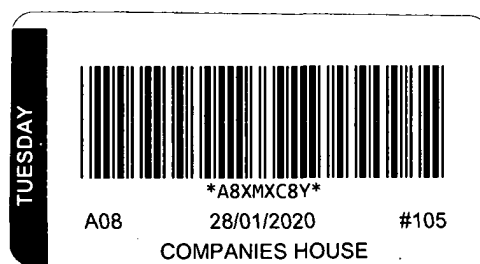


MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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



**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

CONTENTS

	Page
Reference and Administrative Details	1
Trustees' Report	2 - 9
Governance Statement	10 - 12
Statement on Regularity, Propriety and Compliance	13
Independent Auditors' Report on the Financial Statements	14 - 16
Independent Reporting Accountant's Report on Regularity	17 - 18
Statement of Financial Activities Incorporating Income and Expenditure Account	19
Balance Sheet	20
Statement of Cash Flows	21
Notes to the Financial Statements	22 - 46

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Bryonie Williams Jackie Harris (Appointed 14 November 2018)
Trustees	Leanne Sankey Gary Tomlinson Matthew Clarke Hayley Young Graeme Russel Jackie Harris Bryonie Williams Gemma McKenna
Company registered number	08741704
Company name	Matchborough First School Academy
Principal and registered office	Matchborough Way Matchborough East Redditch Worcestershire B98 0GD
Accounting Officer	Jackie Harris
Senior management team	Jackie Harris, Headteacher Anita Richmond, Bursar Jenni Halion, Deputy Headteacher Donna Farr, Assistant Headteacher Annette Hawkesford, Access and Inclusion SEND
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 1-3 College Yard Worcester WR1 2LB
Bankers	Lloyds Bank plc PO Box 1000 BX1 1LT
Solicitors	Mills & Reeve 78-84 Colmore Row Birmingham B3 2AB

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**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 purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for pupils aged 3 to 9 in Redditch. It has a pupil capacity of 450 and had a roll of 431 in the school census on 1 May 2019. The Academy also operates an 11 place Speech and Language Class on behalf of the Local Authority.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy Trust was set up and opened as a stand-alone Academy on 1st November 2013 is a company limited by guarantee and an exempt charity. The Charitable Company's Memorandum a Matchborough First School Academy and Articles of Association are the primary governing documents of the Academy Trust.

The Trustees of are also the directors of the Charitable Company for the purposes of company law. The Charitable Company operates as Matchborough First School Academy.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administrative Details on page 1.

Members' liability

Each member of the charitable company undertakes to contribute to the assets of the Company in the event of it being wound up while 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 £1, for the debts and liabilities contracted before they ceased to be a member.

Trade union facility time

Relevant union officials

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

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

£

Total cost of facility time	-
Total pay bill	-
Percentage of total pay bill spent on facility time	- %

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy Trust, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust. The limit of this indemnity is £3,000,000.

Method of Recruitment and Appointment or Election of Trustees

On 1st November 2013 the Trustees appointed all those Trustees that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed for a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re-election or replacement process.

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 2 Parent Trustees who are elected by Parents of registered pupils at the Academy.
- up to 2 Staff Trustees appointed by Trust which includes the Headteacher
- up to 4 Community Trustees who are appointed by the Trustee board.

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re-appointed or re-elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and pupils. 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 only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

Organisational Structure

The Board of Trustees normally meets once each term. The Board establishes an overall framework for the governance of the Academy and determines membership, terms of reference and procedures of Committees and other groups. It receives reports including policies from its Committees for ratification. It monitors the activities of the Committees through the minutes of their meetings. The Board may from time to time establish Working Groups to perform specific tasks over a limited timescale.

There are 2 committees as follows:

- Resources Committee - this meets at least four times a year and is responsible for monitoring, evaluating and reviewing policy and performance in relation to financial management, compliance with reporting and regulatory requirements and reporting, receiving reports from the Responsible Officer/internal audit and drafting the annual budget including setting staffing levels. It also incorporates the role of an audit committee. This committee also deals with premises.
- Curriculum and Ethos Committee - this meets once a term to monitor, evaluate and review Academy policy, practice and performance in relation to curriculum planning, communications, target setting and assessment, examinations and all pastoral issues. It also deals with matters regarding admissions and pupil welfare.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Trustees, to approve the Annual Strategic School Improvement Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Leadership Team (SLT). The SLT comprises the Headteacher, Deputy Headteacher, Assistant Headteacher, School Bursar and the SENDco. The SLT implement the policies laid down by the Trustees and report back to them on performance.

The Headteacher is the Accounting Officer.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the senior leadership team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year.

The Trustees benchmark against pay levels in other Academies of a similar size.

Connected Organisations, including Related Party Relationships

The Academy is commissioned by the LA to run an 11 place Speech and Language provision for children aged 4 -9.

The Academy has strong collaborative links with 2 other First Schools – Moons Moat and Tenacres which form part of the MTM Alliance.

There are no related parties which either control or significantly influence the decisions and operations of MFSA. The school has no sponsors, it does however have a newly formed Parent Teacher Association

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy is to advance for the public benefit education in the United Kingdom, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad range of curriculum for pupils of different abilities, with a strong emphasis on Inclusion.

The aims of the Academy during the year ended 31 August 2019 are summarised below:

- to continue to raise the standard of educational attainment and achievement of all pupils;
- to provide a broad and balanced curriculum, including extra curricular activities;
- to develop pupils as more effective learners;
- to develop the Academy site so that it enables pupils to achieve their full potential;
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to develop greater coherence, clarity and effectiveness in school systems;
- to comply with all appropriate statutory and curriculum requirements;
- to develop the Academy's capacity to manage change; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

At Matchborough First School Academy we aim to achieve the best for, and from, each child. We intend to enable each child to realise his or her full academic, creative and physical potential and to develop positive social and moral values. Our Academy is a community in which children, staff and parents should be part of a happy and caring environment.

Objectives, Strategies and Activities

Key priorities for the year are contained in our Academy Strategic School Improvement Plan which is available from the Academy Office. Improvement focuses identified for this year include:

- Improve the standards in reading, spelling and writing across the school, by teaching a new strategy and approach to spelling
- To deliver a full, rich and varied curriculum that builds character, teaches transferrable skills and instils memorable moments
- To ensure assessment is continued to be used effectively to inform planning and teaching to improving standards
- EYFS to improve reading and writing opportunities through well planned continuous provision approach
- To further develop the inclusive learning environment at MFSA so that pupils with SEND are able to access and enjoy learning, access tasks with increasing independence and make expected levels progress
- Ambitious targets have been set for the end of KS1 SAT assessments, Year 1 phonics and EYFS Baseline however these are co-hort specific
- To achieve the Leading Parent Partnership Award

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy aims to advance for the public benefit, education in Matchborough and the surrounding area. In particular, but without prejudice to the generality of the foregoing by estimating, maintaining, managing and development schools, offering a broad curriculum with a strong emphasis on, but in no way limited to the specialism of inclusion.

The Academy provides facilities for recreational and other leisure time occupation for the community at large in the interests of social welfare and with the interest of improving the life of the said community if required.

STRATEGIC REPORT

Achievements and Performance

The Academy is in its sixth year of operation and has exceeded the forecast number of students. The total number of students in the year ended 31 August 2016 was 386 but this has now increased to 431 on the census of 2019 due to the school being 3 form entry in all year groups. The capacity for the Specialist provision is now commissioned for 11 full time places which is an increase of 1 place.

At Key Stage 1, Year 2 is a significant year group with a number of challenges within it.. This year group had a high level of need as 6 children who took SATs were from our specialist speech and language unit.

The Academy has managed to maintain small class sizes, within each year group having its own class. All classes have a teaching assistant for some part of the day depending on the needs of the classes, which is a valuable addition to the classroom.

The boys and girls toilet in KS2 were refurbished during the year at a cost of £10,774.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

The National Community Awards we came 2nd for STEM for our work with our Girl Power Club targetting Y4 girls to get into science engineering and mathematics.

Key Performance Indicators

The following KPI's were set at the start of the year

	Target	Actual
Student attendance %	96%	95.6%
Ofsted	When we are re inspected to be Good or better	Good
Data	To be broadly in line with national statistics. To maintain good progress in outcomes from baseline in EYFS	Currently in line with National in Phonics and KS1 EYFS – strong progress from baseline

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy 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 via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2019 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The Academy also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2019, the Academy received total income of £2,075,980 and incurred total expenditure of £2,004,527. The overall excess of income over expenditure for the year was £71,453. There has also been an increase in free reserves of £174,010.

At 31 August 2019 the net book value of fixed assets was £3,151,272 and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

The Academy has taken on the deficit in the Local Government Pension Scheme in respect of its non teaching staff transferred on conversion. The deficit is incorporated within the Statement of Financial Activity with details in Note 26 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Head Teacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Lettings, Asset Management and Insurance.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have reviewed the future plans of the Academy and have set designated reserves as follows:

- £10,000 towards the refurbishment of the Nursery Toilets – Summer 2020
- Estimate to be sought for the replacement of the boilers – Summer 2020
- The anticipated fall in pupil numbers and the impact of this over the next 3 years
- Estimate for playground re-surfacing in KS1/2 and Reception
- To continue to seek a permanent solution to the incidents of increased flooding incidents into Early Years
- The anticipated and current financial increase in SEN support for children with significant needs especially in light of other services declining in the local area

The school also wishes to ensure it uses its funding to benefit the pupils in its care. Governors will monitor which will involve taking into account things such as:-

- The school's annual budget
- Large projects, such as facilities or building costs
- Anticipated funding over the next three years

The Trustees have determined that the appropriate level of free reserves should be approximately £200,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or a fall in pupil numbers. Total reserves of the Academy Trust amount to £3,030,190 although £3,130,743 of this is invested in fixed assets. The remaining (£100,553) (representing both restricted and unrestricted funds, including the pension scheme deficit of £928,000) is the balance that the Trustees monitor in accordance with the Board's reserves policy.

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

Due to the current economic climate the Trustees have not been able to identify suitable investment opportunities that will maximise any surplus without tying the funds up for a long period. We have however invested in a higher interest account. However the intention is to increase the investment opportunity.

Trustees are committed to ensuring that all funds under their control are managed in such a way as to maximise return whilst minimising risk. Any cash not required for operating expenses is placed on deposit at the most favourable rate available from providers covered by the Financial Services Compensation Scheme. Day to day management of the surplus funds is delegated to the Headteacher and Finance Director within strict guidelines approved by the Board of Trustees.

Principal Risks And Uncertainties

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the ESFA. In the last year 89% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy 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 and 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 & safety and discipline.

Staffing - the success of the Academy is reliant upon 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 has appointed a Responsible Officer/internal audit to carry out checks on financial systems and records as required by the Academy Financial Handbook. All finance staff receive training to keep them up to date with financial practice requirements and develop their skills in this area.

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.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board and Resource Committee meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in Note 26 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

FUNDRAISING

The Academy has a positive and active approach to fundraising and has supported many charitable organisations throughout the year including:

- Jeans for Genes
- Children in Need
- NSPCC
- MacMillan
- Help for the Heroes

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its pupils at all levels. 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 in the MTM Alliance to improve the educational opportunities for students in the wider community.

We plan to maintain small class sizes with a teaching assistant in each class in Key stage 1 for the mornings which will reflect in academic outcomes being improved.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

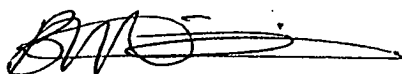
AUDITORS

In so far as the Trustees are aware:

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

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' Report, incorporating a strategic report, was approved by order of the board of Trustees, as the company directors, on 12/12/19 and signed on its behalf by:



**Bryonie Williams
Chair of Trustees**

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Matchborough First School 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 Matchborough First School Academy 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

Appointment of new Trustees continues to be a challenge and contact has been made with several local companies during the year. We continue to work with SGOSS (Governors for Schools) on the outstanding vacancies. The Board is particularly keen to appoint Trustees with HR, legal or financial skills.

The Academy continued to review its effectiveness at Board meetings. Skills audits were completed to identify gaps in knowledge. Governor support training can be accessed as and when required, especially for new Governors. Governors/Trustees have also visited the school throughout the year and worked with the Head and Deputy Head.

The meetings for the year have been more strategically placed in line with key dates i.e. school data points, Strategic School Improvement Plan(SSIP), audits, and recruitment requirements etc.

The Board has reviewed its links with the specific areas of school and new designated Governors have been agreed. Trustees are invited to meet with the school staff responsible to develop their knowledge.

The Resources Committee is a sub-committee of the main Board of Trustees. It's remit includes the functions of an audit committee. The purpose of the Resources Committee is to:

- ensure that the standards of financial control and administration are adhered to,
- ensure that risks are being adequately identified and managed,
- make financial plans including agreeing the draft budget for approval by the full Board
- monitor the progress of income and expenditure.

This committee also has responsibility for overseeing the premises, health and safety and staffing matters.

The information on governance included here supplements that described in the Trustees' Report. The board of Trustees has formally met 6 times during the year.

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

Governor/Trustee Name	Meetings attended	Out of a possible
B Williams Chair - Community	6	6
H Young - Community	6	5
J Harris - Head	6	6
G McKenna - Staff	5	5
G Tomlinson - Parent	5	5
G Russel - Community	5	5
M Clarke - Term Ended 31/12/2018	2	0
L Sankey - Term Ended 31/12/2018	2	1

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by ensuring funding is used effectively to provide additional support directed to those with the greatest need, defined by progress against targets and attendance.

Collaboration with the MTM Alliance means that the Headteachers meet regularly to share ideas, good practice and discuss issues. School staff across the 3 schools also meet regularly for moderation and curriculum development. The school is also working with other schools in the area on the delivery of PHSE.

All purchases are assessed to ensure they demonstrate good value for money. Three quotes are obtained for any purchases above £1,000 and a full tender exercise conducted for purchases above £20,000 to ensure that high value contracts are assessed against the marketplace. All contracts are reviewed regularly to ensure they continue to provide good value for money.

Our budget holders are trained to seek out the most competitive deals using various procurement tools such as internet shopping, advice from other schools and economies of scale. The School Bursar is a member of a Forum which is very useful for sharing good practice.

The Academy is a member of the Risk Protection Arrangement set up by the DfE. This has reduced our insurance costs considerably whilst increasing the level of cover offered.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of Trustees
- regular reviews by the Resources 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 and has decided not to appoint an internal auditor. However, the Trustees have appointed Bishop Fleming LLP, the external auditors, to perform additional checks.

The appointee's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. In particular the checks carried out in the current period included:

- Testing of payroll systems
- Testing of purchase systems
- Testing of accounting systems
- Testing of control account/bank reconciliations
- Testing of income management/control

Twice a year, the appointee reports 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. These reports have been fully delivered in line with the schedule of work as planned and there have been no material control issues arising as a result of the work.

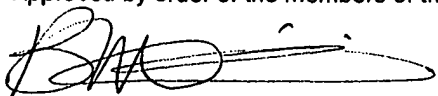
Review of effectiveness

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 school bursar within the Academy 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 12/12/19 and signed on their behalf by:



Bryonie Williams
Chair of Trustees



Jackie Harris
Accounting Officer

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Jackie Harris
Accounting Officer

Date: 11/12/19

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
MATCHBOROUGH FIRST SCHOOL ACADEMY**

Opinion

We have audited the financial statements of Matchborough First School Academy (the 'academy') for the year ended 31 August 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
MATCHBOROUGH FIRST SCHOOL ACADEMY (CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- 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.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
MATCHBOROUGH FIRST SCHOOL ACADEMY (CONTINUED)**

Responsibilities of trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the 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.

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

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

Use of our report

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



Andrew Wood FCCA (Senior Statutory Auditor)

for and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
1-3 College Yard
Worcester
WR1 2LB

Date: *16th December 2019*

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

In accordance with the terms of our engagement letter dated 9 October 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Matchborough First School Academy during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Matchborough First School Academy's accounting officer and the reporting accountant

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

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

Approach

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

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

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

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

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

Conclusion

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



Andrew Wood FCCA (Reporting Accountant)

Bishop Fleming LLP
1-3 College Yard
Worcester
WR1 2LB

Date: *16th December 2019*

MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

		Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
	Note					
Income from:						
Donations and capital grants	4	-	-	23,951	23,951	8,353
Charitable activities	5	190,808	1,824,045	-	2,014,853	1,910,644
Other trading activities		36,229	-	-	36,229	25,226
Investments	8	947	-	-	947	772
Total income		227,984	1,824,045	23,951	2,075,980	1,944,995
Expenditure on:						
Charitable activities		171,116	1,724,303	109,108	2,004,527	2,034,748
Total expenditure		171,116	1,724,303	109,108	2,004,527	2,034,748
Net income/ (expenditure)		56,868	99,742	(85,157)	71,453	(89,753)
Transfers between funds	20	-	(61,600)	61,600	-	-
Net movement in funds before other recognised gains/(losses)		56,868	38,142	(23,557)	71,453	(89,753)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	26	-	(273,000)	-	(273,000)	104,000
Net movement in funds		56,868	(234,858)	(23,557)	(201,547)	14,247
Reconciliation of funds:						
Total funds brought forward		577,228	(499,791)	3,154,300	3,231,737	3,217,490
Net movement in funds		56,868	(234,858)	(23,557)	(201,547)	14,247
Total funds carried forward		634,096	(734,649)	3,130,743	3,030,190	3,231,737

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

The notes on pages 22 to 46 form part of these financial statements.

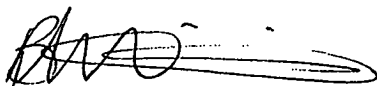
MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:08741704

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	15	3,151,272	3,203,150
Current assets			
Debtors	16	123,066	147,815
Cash at bank and in hand		845,357	667,048
		<u>968,423</u>	<u>814,863</u>
Creditors: amounts falling due within one year	17	(147,819)	(183,650)
Net current assets		<u>820,604</u>	<u>631,213</u>
Total assets less current liabilities		<u>3,971,876</u>	<u>3,834,363</u>
Creditors: amounts falling due after more than one year	18	(13,686)	(26,626)
Net assets excluding pension liability		<u>3,958,190</u>	<u>3,807,737</u>
Defined benefit pension scheme liability	26	(928,000)	(576,000)
Total net assets		<u><u>3,030,190</u></u>	<u><u>3,231,737</u></u>
Funds of the Academy			
Restricted funds:			
Fixed asset funds	20	3,130,743	3,154,300
Restricted income funds	20	193,351	76,209
		<u>3,324,094</u>	<u>3,230,509</u>
Restricted funds excluding pension asset	20	3,324,094	3,230,509
Pension reserve	20	(928,000)	(576,000)
Total restricted funds	20	<u>2,396,094</u>	<u>2,654,509</u>
Unrestricted income funds	20	<u>634,096</u>	<u>577,228</u>
Total funds		<u><u>3,030,190</u></u>	<u><u>3,231,737</u></u>

The financial statements on pages 19 to 46 were approved by the Trustees, and authorised for issue on 12/12/19 and are signed on their behalf, by:

Bryonie Williams
Chair of Trustees



The notes on pages 22 to 46 form part of these financial statements.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	22	223,581	(27,605)
Cash flows from investing activities	24	(32,332)	71,690
Cash flows from financing activities	23	(12,940)	(6,843)
Change in cash and cash equivalents in the year		178,309	37,242
Cash and cash equivalents at the beginning of the year		667,048	629,806
Cash and cash equivalents at the end of the year	25	845,357	667,048

The notes on pages 22 to 46 form part of these financial statements

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

1. General information

Matchborough First School is a private company limited by guarantee, incorporated in the UK and registered in England and Wales. The registered office is Matchborough Way, Matchborough East, Redditch, Worcestershire, B98 0GD.

2. Accounting policies

A summary of the principal accounting policies adopted, judgments and key sources of estimation uncertainty, is set out below.

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

Matchborough First School Academy meets the definition of a public benefit entity under FRS 102.

2.2 GOING CONCERN

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

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

2. Accounting policies (continued)

2.3 INCOME

All incoming resources are recognised when the Academy 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 year 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.

- **Other income**

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

2.4 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's educational operations, including support costs and costs relating to the governance of the Academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

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

2. Accounting policies (continued)

2.5 TAXATION

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

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

2.6 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. 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 these assets, less their estimated residual value, over its expected useful life, as follows:

Depreciation is provided on the following bases:

Long-term leasehold buildings	- 2% straight line
Long-term leasehold land	- over length of lease - 125 years
Furniture and equipment	- 20% straight line
Computer equipment	- 33% straight line

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.

2.7 DEBTORS

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

2.8 CASH AT BANK AND IN HAND

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

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

2. Accounting policies (continued)

2.9 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 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.

2.10 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. 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.

2.11 OPERATING LEASES

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

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

2. Accounting policies (continued)

2.12 PENSIONS

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

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 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 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.

2.13 FUND ACCOUNTING

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

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

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

Investment income, gains and losses are allocated to the appropriate fund.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

3. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGMENT

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

4. Income from donations and capital grants

	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Capital Grants	23,951	23,951	8,353

5. Income from charitable activities

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Education	12,681	1,824,045	1,836,726	1,762,248
Nursery	178,127	-	178,127	148,396
Total 2019	190,808	1,824,045	2,014,853	1,910,644
Total 2018	152,527	1,758,117	1,910,644	

MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

6. Funding for the Academy's education

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant	-	1,377,523	1,377,523	1,392,180
UFSM	-	80,884	80,884	86,725
Pupil Premium	-	113,426	113,426	117,144
	-	1,571,833	1,571,833	1,596,049
Other Government grants				
High Needs	-	70,000	70,000	110,003
Other Government grants	-	177,892	177,892	43,745
	-	247,892	247,892	153,748
Other income				
Internal catering income	-	-	-	1,200
Staff insurance income	201	4,320	4,521	8,320
Sales to students	12,480	-	12,480	2,931
	12,681	4,320	17,001	12,451
	12,681	1,824,045	1,836,726	1,762,248
Total 2018	4,131	1,758,117	1,762,248	

7. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Lettings	18,727	18,727	9,702
Other	17,502	17,502	15,524
Income from other charitable activities	178,127	178,127	148,396
	214,356	214,356	173,622

MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

8. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	947	947	772

9. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Education:					
Direct costs	863,297	46,170	95,167	1,004,634	1,086,296
Allocated support costs	484,858	82,612	241,547	809,017	797,465
Nursery:					
Direct costs	96,511	8,916	5,138	110,565	90,384
Allocated support costs	47,996	10,550	21,765	80,311	60,603
	<u>1,492,662</u>	<u>148,248</u>	<u>363,617</u>	<u>2,004,527</u>	<u>2,034,748</u>
Total 2018	<u>1,468,823</u>	<u>158,743</u>	<u>407,182</u>	<u>2,034,748</u>	

10. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Education	1,004,634	809,017	1,813,651	1,883,761
Nursery	110,565	80,311	190,876	150,987
	<u>1,115,199</u>	<u>889,328</u>	<u>2,004,527</u>	<u>2,034,748</u>
Total 2018	<u>1,176,680</u>	<u>858,068</u>	<u>2,034,748</u>	

MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

10. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Education	Nursery	Total	Total
	2019	2019	funds	funds
	£	£	2019	2018
			£	£
Pension finance costs	11,000	-	11,000	10,880
Staff costs	848,282	96,511	944,793	928,753
Depreciation	86,421	8,916	95,337	75,271
Educational supplies	30,285	3,446	33,731	83,853
Staff development	7,253	-	7,253	14,814
Other costs	6,521	-	6,521	2,296
Supply teachers	13,481	1,534	15,015	59,629
Technology costs	1,391	158	1,549	1,184
	<u>1,004,634</u>	<u>110,565</u>	<u>1,115,199</u>	<u>1,176,680</u>
	<u><u>1,004,634</u></u>	<u><u>110,565</u></u>	<u><u>1,115,199</u></u>	<u><u>1,176,680</u></u>
Total 2018	<u><u>1,086,296</u></u>	<u><u>90,384</u></u>	<u><u>1,176,680</u></u>	

MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

10. Analysis of expenditure by activities (continued)

Analysis of support costs

	Education	Nursery	Total	Total
	2019	2019	funds	funds
	£	£	2019	2018
			£	£
Pension finance costs	5,000	-	5,000	5,120
Staff costs	484,858	47,996	532,854	480,444
Depreciation	11,542	2,229	13,771	18,818
Other costs	10,630	-	10,630	27,200
Maintenance of premises and equipment	8,780	999	9,779	15,090
Cleaning	25,487	2,900	28,387	24,680
Rent and rates	12,258	1,395	13,653	12,619
Energy costs	16,242	1,848	18,090	12,265
Insurance	18,421	1,179	19,600	11,244
Security and transport	14,361	-	14,361	13,516
Catering	100,008	11,378	111,386	112,544
Technology costs	-	1,752	1,752	1,134
Office overheads	68,080	6,332	74,412	52,894
Legal and professional	21,017	2,303	23,320	58,522
Bank interest and charges	64	-	64	25
Governance	12,269	-	12,269	11,953
	<u>809,017</u>	<u>80,311</u>	<u>889,328</u>	<u>858,068</u>
Total 2018	<u>797,465</u>	<u>60,603</u>	<u>858,068</u>	

11. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019	2018
	£	£
Operating lease rentals	8,093	8,204
Depreciation of tangible fixed assets	109,108	94,089
Fees paid to auditors for:		
- audit	6,950	6,750
- other services	3,515	3,665

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

12. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	1,126,462	1,089,790
Social security costs	84,216	82,592
Pension costs	266,969	235,009
	<u>1,477,647</u>	<u>1,407,391</u>
Agency staff costs	15,015	59,626
Staff restructuring costs	-	1,806
	<u><u>1,492,662</u></u>	<u><u>1,468,823</u></u>

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	23	25
Administration and support	38	32
Management	1	1
	<u>62</u>	<u>58</u>

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

12. Staff costs (continued)

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £60,001 - £70,000	-	1
In the band £70,001 - £80,000	1	-

d. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees (who do not receive remuneration for their role as trustees) and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the Academy was £253,337 (2018: £349,846).

As staff Trustees are not remunerated in respect of their role as a Trustee, where staff Trustees do not form part of key management personnel other than in their role as a Trustee, their remuneration as set out in note 13 has not been included as the total benefits received by key management personnel above.

13. Trustees' remuneration and expenses

The Headteacher and other staff only receive remuneration in respect of services they provide undertaking the roles of Headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy Trust in respect of their roles as trustees. The value of Trustees' remuneration and other benefits are as follows: J Harris: Remuneration £70,000 - £75,000 (2018: £65,000 - £70,000), Employer's pension contributions £10,000 - £15,000 (2018: £10,000 - £15,000). G McKenna: Remuneration £20,000 - £25,000 (2018: £NIL), Employer's pension contributions £NIL - £5,000 (2018: £NIL).

During the year ended 31 August 2019, expenses totalling £128 were reimbursed or paid directly to 2 Trustees (2018 - £NIL to Trustee). Expenses reimbursed relate to travel costs.

14. 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 £298 (2018 - £298). The cost of this insurance is included in the total insurance cost.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

15. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2018	3,422,106	97,841	97,730	3,617,677
Additions	20,733	10,774	25,723	57,230
At 31 August 2019	<u>3,442,839</u>	<u>108,615</u>	<u>123,453</u>	<u>3,674,907</u>
Depreciation				
At 1 September 2018	287,444	63,205	63,878	414,527
Charge for the year	68,857	17,531	22,720	109,108
At 31 August 2019	<u>356,301</u>	<u>80,736</u>	<u>86,598</u>	<u>523,635</u>
Net book value				
At 31 August 2019	<u>3,086,538</u>	<u>27,879</u>	<u>36,855</u>	<u>3,151,272</u>
At 31 August 2018	<u>3,134,662</u>	<u>34,636</u>	<u>33,852</u>	<u>3,203,150</u>

16. Debtors

	2019 £	2018 £
Trade debtors	449	2,077
Prepayments and accrued income	47,113	39,907
Tax recoverable	75,504	105,831
	<u>123,066</u>	<u>147,815</u>

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	6,843	6,843
Trade creditors	510	29,716
Other taxation and social security	23,158	24,584
Other creditors	23,132	50,254
Accruals and deferred income	94,176	72,253
	<u>147,819</u>	<u>183,650</u>
	2019 £	2018 £
Deferred income at 1 September 2018	50,601	48,307
Resources deferred during the year	50,601	50,601
Amounts released from previous periods	(50,601)	(48,307)
	<u>50,601</u>	<u>50,601</u>

At the Balance Sheet date the Academy was holding funds received in advance for income from the ESFA in respect of Free School Meals.

18. Creditors: Amounts falling due after more than one year

	2019 £	2018 £
Other loans	<u>13,686</u>	<u>26,626</u>

Other loans represent Spend to Save Solar Scheme loans, for a six year period from 2015 to 2021.

MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

19. Financial instruments

	2019 £	2018 £
Financial assets		
Financial assets that are debt instruments measured at amortised cost	864,223	689,132
	2019 £	2018 £
Financial liabilities		
Financial liabilities measured at amortised cost	(87,746)	(135,071)

Financial assets that are debt instruments measured at amortised cost comprise cash at bank and in hand, trade debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, accruals and other creditors.

MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

20. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds	577,228	227,984	(171,116)	-	-	634,096
Restricted general funds						
General Annual Grant (GAG)	76,209	1,377,523	(1,198,781)	(61,600)	-	193,351
Universal infant free school meals	-	80,884	(80,884)	-	-	-
High needs funding	-	70,000	(70,000)	-	-	-
Pupil premium	-	113,426	(113,426)	-	-	-
Other government grants	-	177,892	(177,892)	-	-	-
Other income	-	4,320	(4,320)	-	-	-
Pension reserve	(576,000)	-	(79,000)	-	(273,000)	(928,000)
	<u>(499,791)</u>	<u>1,824,045</u>	<u>(1,724,303)</u>	<u>(61,600)</u>	<u>(273,000)</u>	<u>(734,649)</u>
Restricted fixed asset funds						
Fixed asset transferred on conversion	2,607,153	-	(58,441)	-	-	2,548,712
Fixed assets purchased from GAG	366,834	-	(38,705)	61,600	-	389,729
DfE/EFA capital grants	30,608	23,951	(7,597)	-	-	46,962
Donations from the LA	149,705	-	(4,365)	-	-	145,340
	<u>3,154,300</u>	<u>23,951</u>	<u>(109,108)</u>	<u>61,600</u>	<u>-</u>	<u>3,130,743</u>
Total Restricted funds	<u>2,654,509</u>	<u>1,847,996</u>	<u>(1,833,411)</u>	<u>-</u>	<u>(273,000)</u>	<u>2,396,094</u>
Total funds	<u>3,231,737</u>	<u>2,075,980</u>	<u>(2,004,527)</u>	<u>-</u>	<u>(273,000)</u>	<u>3,030,190</u>

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

20. Statement of funds (continued)

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

RESTRICTED FUND

General Annual Grant (GAG) - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

Universal Infant Free School Meals (UIFSM) - Funding for pupils in reception, year 1 and year 2 to be offered a free school meal.

High Needs Funding - Funding received by the Local Authority to fund further support for students with additional needs.

Pupil Premium - Pupil premium represents funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

Other government grants - Income which has been received for specific purposes.

Other income - Income which has been received for specific purposes.

Pension reserve - this represents the Academy's share of the assets and liabilities in the Local Government Pension Scheme. As with most pension schemes this is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy.

FIXED ASSET FUND

Fixed assets transferred on conversion - this represents the buildings and equipments donated to the school from the Local Authority on conversion to an academy.

Fixed assets purchased from GAG - this represents fixed assets which were funded from general GAG funding.

DfE/ESFA grants - these funds were received for direct expenditure on fixed asset projects. The balance at the period end represents the NBV of assets and any unspent grant amounts.

Donation from the LA - this represents funding received from the local authority for the purchase of fixed assets.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

20. Statement of funds (continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
Unrestricted funds						
General Funds	612,128	178,525	(213,425)	-	-	577,228
Restricted general funds						
General Annual Grant (GAG)	40,408	1,392,180	(1,307,297)	(49,082)	-	76,209
Universal infant free school meals	-	86,725	(86,725)	-	-	-
High needs funding	-	110,003	(110,003)	-	-	-
Pupil premium	-	117,144	(117,144)	-	-	-
Other government grants	-	43,745	(43,745)	-	-	-
Other income	-	8,320	(8,320)	-	-	-
Pension reserve	(626,000)	-	(54,000)	-	104,000	(576,000)
	<u>(585,592)</u>	<u>1,758,117</u>	<u>(1,727,234)</u>	<u>(49,082)</u>	<u>104,000</u>	<u>(499,791)</u>
Restricted fixed asset funds						
Transferred on conversion	2,662,568	-	(55,415)	-	-	2,607,153
Fixed assets purchased from GAG	347,901	-	(30,149)	49,082	-	366,834
DfE/EFA capital grants	26,415	8,353	(4,160)	-	-	30,608
Donations from the LA	154,070	-	(4,365)	-	-	149,705
	<u>3,190,954</u>	<u>8,353</u>	<u>(94,089)</u>	<u>49,082</u>	<u>-</u>	<u>3,154,300</u>
Total Restricted funds	<u>2,605,362</u>	<u>1,766,470</u>	<u>(1,821,323)</u>	<u>-</u>	<u>104,000</u>	<u>2,654,509</u>
Total funds	<u><u>3,217,490</u></u>	<u><u>1,944,995</u></u>	<u><u>(2,034,748)</u></u>	<u><u>-</u></u>	<u><u>104,000</u></u>	<u><u>3,231,737</u></u>

MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	-	3,151,272	3,151,272
Current assets	634,096	334,327	-	968,423
Creditors due within one year	-	(140,976)	(6,843)	(147,819)
Creditors due in more than one year	-	-	(13,686)	(13,686)
Pension scheme liability	-	(928,000)	-	(928,000)
Total	634,096	(734,649)	3,130,743	3,030,190

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	3,203,150	3,203,150
Current assets	577,229	237,634	-	814,863
Creditors due within one year	-	(161,425)	(22,225)	(183,650)
Creditors due in more than one year	-	-	(26,626)	(26,626)
Pension scheme liability	-	(576,000)	-	(576,000)
Total	577,229	(499,791)	3,154,299	3,231,737

MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)

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

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

	2019 £	2018 £
Net income/(expenditure) for the year (as per Statement of Financial Activities)	71,453	(89,753)
Adjustments for:		
Depreciation	109,108	94,089
Capital grants from DfE and other capital income	(23,951)	(8,353)
Interest receivable	(947)	(772)
Defined benefit pension scheme cost less contributions payable	63,000	38,000
Defined benefit pension scheme finance cost	16,000	16,000
Decrease/(increase) in debtors	24,749	(50,755)
Decrease in creditors	(35,831)	(26,061)
Net cash provided by/(used in) operating activities	223,581	(27,605)

23. Cash flows from financing activities

	2019 £	2018 £
Repayments of borrowing	(12,940)	(6,843)
Net cash used in financing activities	(12,940)	(6,843)

24. Cash flows from investing activities

	2019 £	2018 £
Interest receivable	947	772
Purchase of tangible assets	(57,230)	(57,435)
Capital grants from DfE Group	23,951	8,353
Cash released from deposit account	-	120,000
Net cash (used in)/provided by investing activities	(32,332)	71,690

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

25. Analysis of cash and cash equivalents

	2019	2018
	£	£
Cash in hand	845,357	667,048
Total cash and cash equivalents	845,357	667,048

26. Pension commitments

The Academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Worcestershire 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.

Contributions amounting to £22,675 were payable to the schemes at 31 August 2019 (2018 - £21,981) and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

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 2016 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 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% employer administration charge)
- 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
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the 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 is 4.45%.

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

26. Pension commitments (continued)

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from 1 September 2019 (this includes the administration levy of 0.8%).

The employer's pension costs paid to TPS in the year amounted to £120,412 (2018 - £116,077).

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 has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £101,000 (2018 - £98,000), of which employer's contributions totalled £82,000 (2018 - £79,000) and employees' contributions totalled £ 19,000 (2018 - £19,000). The agreed contribution rates for future years are 16 per cent for employers and 5.5 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 academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	3.5	3.6
Rate of increase for pensions in payment/inflation	2.1	2.2
Discount rate for scheme liabilities	1.8	2.8
Inflation assumption (CPI)	2.0	2.1

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	22.8	22.7
Females	25.8	25.7
<i>Retiring in 20 years</i>		
Males	25.1	24.9
Females	28.2	28

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

26. Pension commitments (continued)

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	(35)	(25)
Mortality assumption - 1 year increase	27	19
CPI rate +0.1%	36	25

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	431,000	393,000
Other bonds	30,000	23,000
Government bonds	46,000	41,000
Property	37,000	24,000
Cash and other liquid assets	18,000	11,000
Other	47,000	18,000
Total market value of assets	609,000	510,000

The actual return on scheme assets was £24,000 (2018 - £27,000).

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

	2019 £	2018 £
Current service cost	(110,000)	(117,000)
Past service cost	(35,000)	-
Interest income	14,000	9,000
Interest cost	(30,000)	(25,000)
Total amount recognised in the Statement of Financial Activities	(161,000)	(133,000)

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

26. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	1,086,000	977,000
Current service cost	110,000	117,000
Interest cost	30,000	25,000
Employee contributions	19,000	19,000
Actuarial losses/(gains)	282,000	(87,000)
Benefits paid	(25,000)	35,000
Past service costs	35,000	-
At 31 August	1,537,000	1,086,000

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

	2019 £	2018 £
At 1 September	510,000	351,000
Interest income	15,000	10,000
Actuarial gains	9,000	17,000
Employer contributions	82,000	79,000
Employee contributions	19,000	19,000
Benefits paid	(25,000)	35,000
Administration expenses	(1,000)	(1,000)
At 31 August	609,000	510,000

27. Operating lease commitments

At 31 August 2019 the Academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	6,614	8,204
Later than 1 year and not later than 5 years	7,564	14,177
	14,178	22,381

**MATCHBOROUGH FIRST SCHOOL ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

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

28. 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 £1 for the debts and liabilities contracted before he/she ceases to be a member.

29. Related party transactions

Owing to the nature of the Academy's operations 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 a trustee has an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all the 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.

No related party transactions took place in the period of account, other than certain trustee' remuneration and expenses already disclosed in note 13 (2018: £NIL).