

Cottesbrooke Infant and Nursery School

(A Company Limited by Guarantee)

**Annual Report and Financial Statements
Year ended 31 August 2019**

Company Registration Number
08936173 (England and Wales)



**Feltons
Chartered Accountants**

**Birmingham
B1 3JR**

**Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)**

**Report and Financial Statements
Year ended 31 August 2019**

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**Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)**

Reference and Administrative Details

| | | |
|---------------------------------|--|--|
| Members | Keith Fenwick | (community trustee, chairperson, appointed 02/11/15) |
| | Keith Jones | (community trustee, appointed 12/03/14) |
| | Phil Halford | (community trustee, appointed 19/05/16) |
| | Sheila Halford | (community trustee, appointed 12/03/14) |
| | Amanda Millward | (community trustee, appointed 12/03/14) |
| | John O'Shea | (community trustee, appointed 19/05/16) |
| Trustees | Fiona Beardsley | (staff trustee, appointed 25/09/15) |
| | Suzanne Coles | (staff trustee, appointed 19/03/15) |
| | Keith Fenwick* | (community trustee, appointed 01/09/15) |
| | Laura Mace* | (parent trustee appointed 29/04/19) |
| | Charlotte Zaide | (parent trustee, appointed 29/04/19) |
| | Keith Jones* | (community trustee, appointed 12/03/14) |
| | Sally Jones | (staff trustee, reappointed 03/10/18) |
| | Irfan Khan* | (community trustee, appointed 01/04/14) |
| | Shazia Khan | (parent trustee, resigned 31/08/19) |
| | William Loughlin* | (staff trustee, appointed 12/03/14) |
| | Amanda Millward* | (community trustee, appointed 12/03/14) |
| | John O'Shea* | (community trustee, appointed 19/03/14) |
| | Fyqa Gulzaib | (parent trustee, resigned 17/12/18) |
| | Khavil Jabeen | (staff trustee, resigned 31/08/19) |
| | Faisal Ahmed | (staff trustee, appointed 02/10/19) |
| | Susan Shahmiri | (appointed 07/10/19) |
| | Gurjit Samrai | (parent trustee, appointed 06/10/17) |
| | | *members of finance committee |
| Senior Management Team | | |
| • Head Teacher | William Loughlin | |
| • Deputy Head Teacher | Fiona Beardsley | |
| • Teacher | Angela Higgins | |
| • Teacher | Lisa Hodgson | |
| Company name | Cottesbrooke Infant and Nursery School | |
| Principal and registered office | Yardley Road Acocks Green Birmingham B1 2LS | |
| Company registration no. | 08936173 | |
| Independent auditor | Feltons 8 Sovereign Court 8 Graham Street Birmingham B1 3JR | |
| Bankers | Lloyds Bank Plc 114-116 Colmore Row Birmingham B3 3BD | |
| Solicitors | Gateley Plc One Eleven Edmund Street Birmingham B3 2HJ | |

Cottesbrooke Infant and Nursery School (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 auditor's report of the charitable company for the period 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The academy trust operates an academy for pupils aged three to seven serving a catchment area in Acocks Green and South Yardley. It has a pupil capacity of 270 and 39 full time equivalent nursery class places and had a roll of 288 in the school census on 3 October 2019.

Structure, Governance and Management

Constitution

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

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

Members' liability

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

Trustees' indemnities

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 £10,000,000 on any one claim.

Method of recruitment and appointment or election of Trustees

Parent trustees are elected by the parents of registered pupils at the academy. A parent trustee must be a parent of a pupil at the academy at the time when she/he is elected.

Community Trustees may be appointed by the Governing Body provided that the person who is appointed as a Community Trustee is:

- a person who lives or works in the community served by the Academy; or
- a person who, in the opinion of the Governing Body, is committed to the government and success of the Academy.

Staff Trustees are elected by employees of the Academy Trust. At least one Staff Trustee will be a qualified teacher and at least one will be a member of the support staff. Staff are invited to apply to become a Trustee when a vacancy becomes available or at the end of the Trustee's term of office (four years).

Staff Trustee positions are advertised internally and if there is more than one candidate there is a vote.

Cottesbrooke Infant and Nursery School (A Company Limited by Guarantee)

Trustees' report for the year ended 31 August 2019 (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

The Governing Body has a Service Level Agreement with the Trustee Support department of Birmingham City Council to provide training, advice and support to the Governing Body.

Newly elected Trustees attend Induction Training for new Trustees, and in addition select specific training provided by Trustee Support in accordance with their needs.

One of the Trustees is appointed as Link Trustee, attends relevant training and provides information to Trustees following such training.

The Deputy Head Teacher is the Leader for Professional Development in school, and she ensures that Trustees are provided with opportunities to receive training in accordance with their role, and the school's Training Plan.

Organisational structure

The Governing Body has established committees and appoints Trustees to serve on each of the committees annually. The committees for the period of the report were:

- Finance, Staffing and Audit
- Premises
- Curriculum
- Head Teacher Performance Management
- Appeals
- Disciplinary and Complaints
- Redundancy

The written terms of reference of the committees include the monitoring of the preparation and management of the academy's budget and implementation of the academy's financial management policies, including risk assessment.

The board of trustees also appoints a responsible officer and this role has been fully implemented in accordance with the academy trust's financial procedures.

Decisions relating to Head Teacher Performance Management are reserved for the board of trustees.

Arrangements for setting pay and remuneration of key management personnel

Head Teacher performance management committee decide upon the pay and remuneration of the Head Teacher. Other key management personnel have performance management targets set and meetings with the Head Teacher and his recommendations are approved by the Finance, Staffing & Audit committee.

Related parties and other Connected Charities and Organisations

Trustees' related parties and other connected charities and organisations are all documented on their pecuniary interest forms which are reviewed to ensure sound governance and transparency. The Academy publishes its relevant business and pecuniary interest of local governors on its website.

Objectives and activities

Objects and aims

The main objectives for the year are:

1. To improve the quality of education throughout the school
2. To strengthen behaviour and attitudes of children throughout the school
3. To promote the personal development of children throughout the school
4. To strengthen leadership and management

The strategies adopted for achieving these objectives are covered in detail in the school development plan which can be found on the school website.

Cottesbrooke Infant and Nursery School (A Company Limited by Guarantee)

Trustees' report for the year ended 31 August 2019 (continued)

Public benefit

In setting our objectives and planning our activities, the Governing Body has given careful consideration to the Charity Commission's general guidance on public benefit.

Cottesbrooke Infant and Nursery School is an equal opportunity employer, and strives to give full and fair consideration to all applicants for employment, training and promotions, irrespective of disability, gender, race, colour or sexual orientation.

Strategic Report

Achievements and Performance

Since becoming an academy, Cottesbrooke Infant and Nursery School has taken a wide range of steps to ensure that the education standards for all its children have continued to improve. The school is proud to be inclusive, catering for children with significant barriers to learning who, while making good progress, affect the statistics of the whole school results. The overall end of year school attainment figures were affected in 2018/19 by high mobility (33%) and a number of changes in staffing. The school has focused on improvement linked to the school development plan to ensure a positive impact on outcomes for children. These were;

To raise pupil achievement and standards across the school

- Children in the Early Years Foundation Stage make good progress from low attainment on entry
- Children in KS1 made good progress from their starting points and the Year 1 phonics screening check results are in line with national figures
- The school employs extra staff to provide targeted intervention for its children with social/emotional needs
- Extra staffing is provided for children on the SEN register to target their needs specifically in small groups
- The school employs a sports coach to specifically target children's health and fitness throughout the school as part of the Sports Premium funding

To continue to improve the quality of teaching, learning and assessment throughout the school

- Monitoring shows that teaching is good or better
- Work scrutiny and learning walks, including by professionals outside the school, have been used to measure the quality of teaching throughout school. They show a good level of progress and quality work throughout the school.
- The adoption of the Wellcom speech and language assessment has highlighted the low language acquisition and understanding of our children but the assessments have enabled us to provide interventions to combat this.

To continue to develop the quality of leadership and management across the school

- There has been a change in staffing and leadership through the year in KS1 and EYFS due to maternity and other factors which has led to some short term instability. With the substantive appointment of a new EYFS leader, new KS1 leader, new Maths and new English leader, a new leadership team brings stability
- The school continues to form links with and work with a variety of other settings to improve our own practice and develop and support theirs. Part of this has been the BEP peer to peer review process and the Head Teacher becoming the local schools consortium Chair.
- Teacher's performance management targets continue to be directly related to pupil progress.
- A number of governors have met with their subject leader buddies throughout the year and members of SLT have presented to governors on matters such as SEND, safeguarding and pupil premium.
- A number of governors have attended various governor training and fed back in order to strengthen practice on the governing body.

To promote behaviour and welfare of children including attendance

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Trustees' report for the year ended 31 August 2019 (continued)

- Attendance is better than 2017/18, with the final whole school figure 95.7% and the KS1 figure 95.8%
- Pupil premium children's attendance is higher than national

| Attendance 2018/19 | | |
|---------------------------|-----------------------|-----------------------------------|
| Group | Whole school % | KS1 % (national primary %) |
| All | 95.7 | 95.8 (95.8) |
| Boys | 95.8 | 96 (95.8) |
| Girls | 95.5 | 95.5 (95.9) |
| Disadvantaged | 95.3 | 95.2 (94.3) |
| Other | 96 | 96.2(96.4) |
| Disadvantaged Boys | 95.3 | 95.5 |
| Disadvantaged Girls | 95.3 | 95 |

- Persistent absentees (children whose attendance is less than 90%) is 7.9% whole school, 7.1% KS1 only (national primary 9.6%).
- Safeguarding remains high on the agenda with the safeguarding team continuing to meet fortnightly to discuss cases and share the workload of the referrals made by staff.

Key Performance Indicators

- Ofsted rating: Good (February 2017)
- End of EYFS results: 61% GLD
- Year 1 Phonics Screening Check results: 80% (2017: 84%)
- End of KS1 results: 42% EX+ combined Reading, Writing, Maths
- Pupil attendance: 95.7% (2018: 94.6%)
- Direct costs as a percentage of total costs were 63% (2018: 62.4%)
- Support costs as a percentage of total costs were 37% (2018: 37.6%)
- Total payroll costs as a percentage of recurring income were 84.1% (2018: 89.2%)

Going concern

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

Financial Review

The financial results of Cottesbrooke Infant and Nursery School are detailed in the following pages. It is considered that the finances are sound and well established. The principal financial management policies adopted are laid down by the Finance Handbook for Academies published by the ESFA and requirements as laid down by the Academy's Financial Handbook.

The principal funding source is grant income from the ESFA. All expenditure of this grant income is planned to fulfil the objectives and strategies of the Academy.

During the year ended 31 August 2019 total resources expended were £1,848,630 and the deficit of income over expenditure was £146,465 which included depreciation of £71,311.

Reserves Policy

The trustees continually monitor the reserves of the charitable company. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and nature of reserves.

It is the board of trustees' general policy to maintain reserves at a reasonable level to try to ensure financial security of the academy for future years.

**Cottesbrooke Infant and Nursery School
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Trustees' report for the year ended 31 August 2019 (continued)

The academy had total funds at 31 August 2019 of £1,020,480 which included £80,354 restricted funds not available for general purposes of the academy trust, £325,774 of free reserves defined as unrestricted funds available for general purposes and £2,493,352 which can only be realised by the disposal of tangible fixed assets.

The balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds was a surplus of £406,128.

In addition, the deficit on the restricted pension fund of £1,879,000 arises from an actuarial deficit on the local government pension scheme which will be dealt with as advised by the actuary.

Investment Policy

Some surplus funds are invested within savings accounts covered by the FSCS limit of £85,000. These investments are carried out in accordance with the powers vested in the Governing Body and the academy's Treasury Management Policy.

Principal Risks and Uncertainties

The trustees have considered the major risks and uncertainties facing the Charitable Company which include changes in legislation and regulations and cash flow management and have put in place procedures to deal with these matters.

Attention has also been focussed on non-financial risks arising from fire, health and safety. These risks are managed by ensuring accreditation is up to date, having robust policies in place, and regular awareness training for staff working in these operational areas.

The main financial risks identified by the academy are as follows:

- growing pension costs from an increasing pension deficit liability
- reduced funding based on dropping pupil numbers, particularly within the nursery due to additional competition for places locally.

Fundraising

The children take part in various fundraising events throughout the year to raise money for charities such as Children in Need, Comic Relief, Marie Curie, MacMillan Cancer Support, Poppy Appeal, international disasters etc.

We feel that there is also a need locally for support so we are a dropping off point for the Acocks Green Foodbank. The collection point is in the main school entrance. We also donate harvest assembly donations to local residents, Acocks Green Foodbank and Birmingham City Mission, which provides food for the homeless.

Plans for Future Periods

| Priorities | What will this look like? |
|--|---|
| Strengthen involvement between the school, parents and community | <ul style="list-style-type: none">• Develop opportunities to engage with parents• Listen, respond and inform with timely and effective means of communication• Strengthen engagement between the school and other local settings |
| Improve the quality of teaching so that it meets the needs of all learners | <ul style="list-style-type: none">• Engaged learners who thrive and attain• Learners who are challenged• Staff feel confident in sharing practice and are self-reflective• Robust performance management |
| To ensure children make and exceed expected progress | <ul style="list-style-type: none">• All groups of children achieve including most able children, special educational needs/ disability, children with a first language other than English• Disadvantaged children perform as well as their peers |

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Trustees' report for the year ended 31 August 2019 (continued)

| | |
|--|---|
| | <ul style="list-style-type: none"> Regularly monitor and evaluate pupil progress data to ascertain whether all students make rapid and sustained progress |
| School is well led and managed with all levels of leadership being effective including strong governance | <ul style="list-style-type: none"> Develop efficient and effective processes for the governing body to support and monitor the Leadership Team. School leadership at all levels are confident in leading, monitoring and challenging Planned succession of governors and leadership |
| Continue strong financial management | <ul style="list-style-type: none"> Oversee, monitor and implement strong financial control Investigate and develop alternative funding streams Ensure robust strategies are in place that mitigate potential financial difficulties |
| Develop the curriculum further | <ul style="list-style-type: none"> Provide a broad and balanced curriculum that is relevant to our children Spiritual, moral, social, cultural elements(SMSC) virtues and values throughout the curriculum supporting social skills and a positive attitude to learning |
| Continue to be an employer of choice | <ul style="list-style-type: none"> Strong commitment to personal and professional development through personalised training Strong commitment to the health, welfare and safeguarding of our staff Commitment to favourable terms and conditions |
| All children are safe and know how to keep themselves safe | <ul style="list-style-type: none"> Maintain and improve robust safeguarding procedures Become a UNICEF Rights Respecting school No one feels like an outsider irrespective of gender, age, disability, race/nationality, religion, gender identity or sexual orientation Ongoing cycle of training relating to all areas of safeguarding Parents bring their children to school every possible day |

Auditor

Insofar as the Trustees are aware :

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

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 21.12.19 2019 and signed on the board's behalf by:

Keith Fenwick Keith Fenwick - Chair of Trustees

**Cottesbrooke Infant and Nursery School
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Governance statement for the year ended 31 August 2019

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Principal, 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 Cottesbrooke Infant and Nursery School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. 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 :

| Trustee | Meeting attended | Out of a possible |
|------------------|---------------------|----------------------|
| Fiona Beardsley | 6 | 6 |
| Suzanne Coles | 3 | 6 |
| Gurjit Samrai | 6 | 6 |
| Keith Fenwick | 6 | 6 |
| Phil Halford | 1 | 1 |
| Keith Jones | 5 | 6 |
| Sally Jones | 5 | 6 |
| Irfan Khan | 4 | 6 |
| Shazia Khan | 1 | 5 |
| Khavil Jabeen | 4 | 6 |
| William Loughlin | 6 | 6 |
| Amanda Millward | 5 | 6 |
| John O'Shea | 4 | 6 |
| Laura Mace | 2 | 2 |
| Charlotte Zaide | 2 | 2 |

A review of governance was undertaken during the year which found that although there were many experienced, knowledgeable governors on the board of trustees, some governors were quite inexperienced and required support and training.

Subsequent to this the following actions were taken:

- Training was given to governors with them attending various courses to address the relevant skills gaps including Safeguarding and Induction.
- Opportunities were given to governors to attend governor meetings at other settings in order to speed up their development.

The trust conducted its next self-evaluation in November 2019.

**Cottesbrooke Infant and Nursery School
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Governance statement for the year ended 31 August 2019

The finance, staffing and audit committee is a sub-committee of the main board of trustees. Attendance during the year at meetings of the board of trustees was as follows:

| Trustee | Meeting attended | Out of a possible |
|------------------|------------------|-------------------|
| Keith Fenwick | 3 | 4 |
| Phil Halford | 1 | 1 |
| Keith Jones | 4 | 4 |
| Irfan Khan | 3 | 4 |
| William Loughlin | 4 | 4 |
| Amanda Millward | 2 | 4 |
| John O'Shea | 4 | 4 |

Review of value for money

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

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

- Sharing an ICT Manager with 2 other local schools and so only paying the cost of one fifth of their salary as opposed to a daily consultancy rate.
- Switched to 100MB broadband from 10MB broadband and saved money in the process.
- Procured refurbished iPads (with warranties) which proved to be much cheaper than buying new.

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 the academy trust's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Cottesbrooke Infant and Nursery School for the year to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year 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.

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 Governing Body;
- regular reviews by the Finance and Staffing 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;

**Cottesbrooke Infant and Nursery School
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Governance statement for the year ended 31 August 2019

- 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.

Review of Effectiveness

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

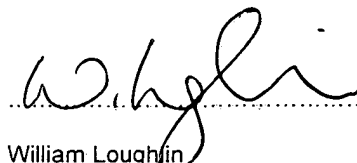
- the work of the external auditor;
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance, staffing and audit 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 2/12/19 2019 and signed on its behalf by:



Keith Fenwick
Chair of Trustees



William Loughlin
Accounting Officer

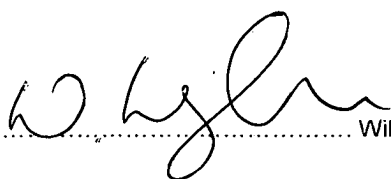
**Cottesbrooke Infant and Nursery School
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**Statement of regularity, propriety and compliance
for the year ended 31 August 2019**

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

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

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


..... William Loughlin – Accounting Officer ,
21/12/19 2019

**Cottesbrooke Infant and Nursery School
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**Statement of Trustees' Responsibilities
for the year ended 31 August 2019**

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

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

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

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

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

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

Approved by order of the members of the board of trustees on 2/12/..... 2019 and signed on its behalf by:

.....  Keith Fenwick – Chair of Trustees

**Cottesbrooke Infant and Nursery School
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**Independent Auditor's Report on the Financial Statements to the Members of
Cottesbrooke Infant and Nursery School**

Opinion

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

In our opinion the financial statements :

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

Basis for opinion

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

Conclusions relating to going concern

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

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

**Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)**

**Independent Auditor's Report on the Financial Statements to the Members of Cottesbrooke Infant and Nursery School
(continued)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matter 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 (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report 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 trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

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

Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)

Independent Auditor's Report on the Financial Statements to the Members of Cottesbrooke Infant and Nursery School
(continued)

Responsibilities for the financial statements

As explained more fully in the trustees' responsibilities statement (set out on page 12), the trustees (who are also the directors of the academy trust 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 trust'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 trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.

**Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)**

**Independent Auditor's Report on the Financial Statements to the Members of Cottesbrooke Infant
and Nursery School
(continued)**

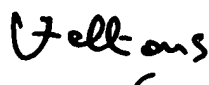
Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Use of our report

This report is made solely to the academy trust'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 trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy trust and the academy trust's members as a body, for our audit work, for this report, or for the opinions we have formed.



David W Farnsworth FCA (Senior Statutory Auditor)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

10 December 2019

**Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)**

Independent Reporting Accountant's Assurance Report on Regularity to Cottesbrooke Infant and Nursery School and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 12 February 2015 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 Cottesbrooke Infant and Nursery School during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Cottesbrooke Infant and Nursery School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Cottesbrooke Infant and Nursery School's funding agreement with the Secretary of State for Education dated 28 March 2014 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 period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw our conclusion includes :

- Consideration of the applicable legislation and the academy trust's funding agreement
- Review and evaluation of the academy trust's system of internal controls
- Examination and assessment of the Accounting Officer's statement on Regularity, Propriety and Compliance
- Examination, on a test basis, of third party evidence supporting income and expenditure
- Review of exceptional and unusual items

Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Cottesbrooke Infant and Nursery School and the Education & Skills Funding Agency (continued)

Conclusion

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



David W Farnsworth FCA (Reporting Accountant)
For and on behalf of Feltons, Statutory Auditor
8 Sovereign Court
8 Graham Street
Birmingham B1 3JR

10 December 2019

Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)

Statement of financial activities for the year ended 31 August 2019
(including income and expenditure account)

| | Notes | Unrestricted funds £ | Restricted pension fund £ | Restricted general funds £ | Restricted fixed asset funds £ | Total 2018/19 £ | Total 2017/18 £ |
|--|--------|----------------------------|------------------------------------|-------------------------------------|---|-----------------------|-----------------------|
| Income from : | | | | | | | |
| Donations and capital grants | 2 | - | - | - | 20,276 | 20,276 | 7,449 |
| Charitable activities : | 3 | | | | | | |
| Funding for the academy trust's educational operations | | 114,919 | - | 1,566,134 | - | 1,681,053 | 1,729,358 |
| Investments | 4 | 836 | - | - | - | 836 | 1,401 |
| Total | | 115,755 | - | 1,566,134 | 20,276 | 1,702,165 | 1,738,208 |
| Expenditure on : | | | | | | | |
| Charitable activities: | | | | | | | |
| Academy trust's educational operations | 6 | 104,389 | 126,000 | 1,546,930 | 71,311 | 1,848,630 | 1,946,439 |
| Total | | 104,389 | 126,000 | 1,546,930 | 71,311 | 1,848,630 | 1,946,439 |
| Net income/(expenditure) before transfers | | 11,366 | (126,000) | 19,204 | (51,035) | (146,465) | (208,231) |
| Transfers between funds | 13 | - | - | - | - | - | - |
| Net income/(expenditure) after transfers | | 11,366 | (126,000) | 19,204 | (51,035) | (146,465) | (208,231) |
| Other recognised gains/(losses) | | | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 13, 21 | - | (213,000) | - | - | (213,000) | 236,000 |
| Net movement in funds | | 11,366 | (339,000) | 19,204 | (51,035) | (359,465) | 27,769 |
| Reconciliation of funds | | | | | | | |
| Total funds brought forward | 13 | 314,408 | (1,540,000) | 61,150 | 2,544,387 | 1,379,945 | 1,352,176 |
| Total funds carried forward | | 325,774 | (1,879,000) | 80,354 | 2,493,352 | 1,020,480 | 1,379,945 |

All of the Academy's activities derive from continuing operations during the above two financial periods.

Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)

Company number : 08936173

Balance sheet as at 31 August 2019

| | Notes | 2019 | | 2018 | |
|--|-------|--------------------|-------------------------|--------------------|-------------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 10 | | 2,483,769 | | 2,544,387 |
| Current assets | | | | | |
| Debtors | 11 | 46,143 | | 45,281 | |
| Cash at bank and in hand | | <u>561,439</u> | | <u>533,094</u> | |
| | | 607,582 | | 578,375 | |
| Liabilities | | | | | |
| Creditors: amounts falling due within one year | 12 | <u>191,871</u> | | <u>202,817</u> | |
| Net current assets | | | 415,711 | | 375,558 |
| Net assets excluding pension liability | | | <u>2,899,480</u> | | <u>2,919,945</u> |
| Defined benefit pension scheme liability | 21 | | <u>(1,879,000)</u> | | <u>(1,540,000)</u> |
| Total net assets | | | <u><u>1,020,480</u></u> | | <u><u>1,379,945</u></u> |
| Funds of the academy trust : | | | | | |
| Restricted funds | | | | | |
| Fixed asset fund | 13 | 2,493,352 | | 2,544,387 | |
| Restricted income fund | 13 | 80,354 | | 61,150 | |
| Pension reserve | 13 | <u>(1,879,000)</u> | | <u>(1,540,000)</u> | |
| Total restricted funds | | | 694,706 | | 1,065,537 |
| Unrestricted income funds | 13 | | 325,774 | | 314,408 |
| Total funds | | | <u><u>1,020,480</u></u> | | <u><u>1,379,945</u></u> |

The financial statements on pages 19 to 41 were approved by the trustees, and authorised for issue on 2/12/ 2019 and are signed on their behalf by:



Keith Fenwick - Chair of Trustees

Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)

Statement of cash flows for the year ended 31 August 2019

| | Notes | 2018/19 £ | 2017/18 £ |
|--|--------------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Net cash provided by / (used in) operating activities | 17 | 17,926 | (99,932) |
| Cash flows from investing activities | 18 | 10,419 | (5,048) |
| Change in cash and cash equivalents in the reporting period | | <hr/> 28,345 | <hr/> (104,980) |
| Cash and cash equivalents at 1 September 2018 | | 533,094 | 638,074 |
| Cash and cash equivalents at 31 August 2019 | 19 | <hr/> 561,439 | <hr/> 533,094 |

Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019

1. Accounting policies

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

Basis of preparation

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

Cottesbrooke Infant and Nursery School meets the definition of a public benefit entity under FRS 102.

Going concern

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

Income

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

- **Grants**

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

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

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

**Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)**

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

Income (continued)

- **Donations**
Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.
- **Other income**
Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.
- **Donated goods, facilities and services**
Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. Upon sale the fair value of the goods is charged against, and the proceeds are recognised as, 'Income from other trading activities'.

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

Expenditure

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

- **Expenditure on raising funds**
This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.
- **Charitable activities**
These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)**

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

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. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction, at rates calculated to write off the cost of each asset over its expected useful life as follows:

| | |
|--------------------------|-------------------------------|
| Long leasehold buildings | - straight line over 50 years |
| Fittings and equipment | - 20% straight line |
| Computer hardware | - 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.

Liabilities

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

Leased assets

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

Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

**Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)**

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

Financial instruments (continued)

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. 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.

Taxation

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

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

Pension benefits

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

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

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

**Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)**

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

Pension benefits (continued)

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

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 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.

Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

2. Donations and capital grants

| | Unrestricted funds £ | Restricted general fund £ | Restricted fixed asset funds £ | 2018/19 Total £ | 2017/18 Total £ |
|-------------------|----------------------------|------------------------------------|---|-----------------------|-----------------------|
| Capital grants | - | - | 20,276 | 20,276 | 7,449 |
| | - | - | 20,276 | 20,276 | 7,449 |
| 2018 total | - | - | 7,449 | 7,449 | |

3. Funding for the Academy Trust's educational operations

| | Unrestricted funds £ | Restricted general fund £ | Restricted fixed asset funds £ | 2018/19 Total £ | 2017/18 Total £ |
|---|----------------------------|------------------------------------|---|-----------------------|-----------------------|
| DfE/ESFA grants | | | | | |
| General Annual Grant (GAG) | - | 1,139,750 | - | 1,139,750 | 1,216,031 |
| Other DfE Group grants | - | 225,204 | - | 225,204 | 225,112 |
| | - | 1,364,954 | - | 1,364,954 | 1,441,143 |
| Other government grants | | | | | |
| Local authority grants | - | 201,180 | - | 201,180 | 178,884 |
| | - | 201,180 | - | 201,180 | 178,884 |
| Other income from the academy trust's educational operations | 114,919 | - | - | 114,919 | 109,331 |
| | 114,919 | 201,180 | - | 316,099 | 288,215 |
| | 114,919 | 1,566,134 | - | 1,681,053 | 1,729,358 |
| 2018 total | 109,331 | 1,620,027 | - | 1,729,358 | |

Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

4. Investment income

| | Unrestricted funds £ | Restricted funds £ | 2018/19 Total £ | 2017/18 Total £ |
|---------------------|----------------------------|--------------------------|-----------------------|-----------------------|
| Short term deposits | 836 | - | 836 | 1,401 |
| 2018 total | 1,401 | - | 1,401 | |

5. Expenditure

| | Staff costs £ | Non pay expenditure | | 2018/19 Total £ | 2017/18 Total £ |
|----------------------------------|---------------------|---------------------|----------------|-----------------------|-----------------------|
| | | Premises £ | Other £ | | |
| Academy's educational operations | | | | | |
| Direct costs | 1,103,678 | 21,830 | 39,478 | 1,164,986 | 1,214,551 |
| Allocated support costs | 328,149 | 138,580 | 216,915 | 683,644 | 731,888 |
| | <u>1,431,827</u> | <u>160,410</u> | <u>256,393</u> | <u>1,848,630</u> | <u>1,946,439</u> |
| 2018 total | 1,551,232 | 140,738 | 254,469 | 1,946,439 | |

Net income/(expenditure) for the period includes :

| | | 2018/19 £ | 2017/18 £ |
|-------------------------|---------|--------------|--------------|
| Operating leases | - other | 1,952 | 1,952 |
| Depreciation | | 71,311 | 71,807 |
| Fees payable to auditor | - audit | <u>7,500</u> | <u>7,200</u> |

Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

6. Charitable activities

| | Unrestricted funds £ | Restricted pension fund £ | Other restricted funds £ | 2018/19 Total £ | 2017/18 Total £ |
|----------------------------------|----------------------------|------------------------------------|-----------------------------------|-----------------------|-----------------------|
| Educational operations | | | | | |
| Direct costs | 36,814 | - | 1,128,172 | 1,164,986 | 1,214,551 |
| Support costs | 67,575 | 126,000 | 490,069 | 683,644 | 731,888 |
| | <u>104,389</u> | <u>126,000</u> | <u>1,618,241</u> | <u>1,848,630</u> | <u>1,946,439</u> |
| 2018 total | <u>97,897</u> | <u>187,000</u> | <u>1,661,542</u> | <u>1,946,439</u> | |
| Analysis of support costs | | | | | |
| Support staff costs | 49,463 | 126,000 | 152,686 | 328,149 | 384,146 |
| Depreciation | - | - | 49,481 | 49,481 | 54,978 |
| Technology costs | - | - | 17,815 | 17,815 | 23,382 |
| Premises costs | - | - | 84,738 | 84,738 | 64,649 |
| Other support costs | 18,112 | - | 177,849 | 195,961 | 197,533 |
| Governance costs | - | - | 7,500 | 7,500 | 7,200 |
| Total support costs | <u>67,575</u> | <u>126,000</u> | <u>490,069</u> | <u>683,644</u> | <u>731,888</u> |
| 2018 total | <u>64,342</u> | <u>187,000</u> | <u>480,546</u> | <u>731,888</u> | |

7. Staff

a) Staff costs

Staff costs during the period were:

| | 2018/19 £ | 2017/18 £ |
|---------------------------|------------------|------------------|
| Wages and salaries | 894,343 | 994,134 |
| Social security costs | 77,579 | 61,839 |
| Pension costs | 302,841 | 362,261 |
| | <u>1,274,763</u> | <u>1,418,234</u> |
| Agency staff costs | 135,772 | 132,998 |
| Staff restructuring costs | 21,292 | - |
| | <u>1,431,827</u> | <u>1,551,232</u> |

**Cottesbrooke Infant and Nursery School
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Notes to the financial statements for the year ended 31 August 2019 (continued)

7. Staff (continued)

a) Staff costs (continued)

| | 2018/19 £ | 2017/18 £ |
|--------------------------------------|---------------|--------------|
| Staff restructuring costs comprise : | | |
| Redundancy payments | 21,292 | - |
| | <u>21,292</u> | <u>-</u> |

b) Staff numbers

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

| | 2018/19 Number | 2017/18 Number |
|----------------------------|-------------------|-------------------|
| Teachers | 13 | 13 |
| Administration and support | 33 | 49 |
| Management | 2 | 2 |
| | <u>48</u> | <u>64</u> |

c) Higher paid staff

| | 2018/19 Number | 2017/18 Number |
|---|-------------------|-------------------|
| The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was : | | |
| £60,001 - £70,000 | <u>1</u> | <u>-</u> |

d) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £374,742 (2018: £307,828).

**Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)**

Notes to the financial statements for the year ended 31 August 2019 (continued)

8. Related Party Transactions - Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

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

| | |
|---|--|
| William Loughlin (principal and trustee) | |
| Remuneration | £60,000 - £65,000 (2018 : £55,000 - £60,000) |
| Employer's pension contributions paid | £10,000 - £15,000 (2018 : £5,000 - £10,000) |
| Fiona Beardsley (staff trustee) | |
| Remuneration | £55,000 - £60,000 (2018 : £50,000 - £55,000) |
| Employer's pension contributions paid | £5,000 - £10,000 (2018 : £5,000 - £10,000) |
| Sally Jones (staff trustee) | |
| Remuneration | £20,000 - £25,000 (2018 : £20,000 - £25,000) |
| Employer's pension contributions paid | £nil - £5,000 (2018 : £nil - £5,000) |
| Suzanne Coles (staff trustee) | |
| Remuneration | £20,000 - £25,000 (2018 : £20,000 - £25,000) |
| Employer's pension contributions paid | £nil - £5,000 (2018 : £nil - £5,000) |
| Khavil Jabeen (staff trustee - resigned 31/08/19) | |
| Remuneration | £30,000 - £35,000 (2018 : £10,000 - £15,000) |
| Employer's pension contributions paid | £5,000 - £10,000 (2018 : £nil - £5,000) |

During the year ended 31 August 2019, there were no travel and subsistence expenses reimbursed or paid directly to any trustees (2018 : nil).

9. Trustees' and officers' insurance

The academy trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

Cottesbrooke Infant and Nursery School
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Notes to the financial statements for the year ended 31 August 2019 (continued)

10. Tangible fixed assets

| | Leasehold land and buildings £ | Fittings and equipment £ | Computer hardware £ | Total £ |
|--------------------------|---|---|------------------------------------|--------------------|
| Cost or valuation | | | | |
| At 1 September 2018 | 2,758,830 | 76,099 | 35,524 | 2,870,453 |
| Additions | - | 7,100 | 3,593 | 10,693 |
| At 31 August 2019 | <u>2,758,830</u> | <u>83,199</u> | <u>39,117</u> | <u>2,881,146</u> |
| Depreciation | | | | |
| At 1 September 2018 | 243,698 | 48,419 | 33,949 | 326,066 |
| Charge for the year | 55,177 | 14,088 | 2,046 | 71,311 |
| At 31 August 2019 | <u>298,875</u> | <u>62,507</u> | <u>35,995</u> | <u>397,377</u> |
| Net book values | | | | |
| At 31 August 2019 | <u>2,459,955</u> | <u>20,692</u> | <u>3,122</u> | <u>2,483,769</u> |
| At 31 August 2018 | <u>2,515,132</u> | <u>27,680</u> | <u>1,575</u> | <u>2,544,387</u> |

Leasehold property was valued at 1 April 2014 by The Valuation Office Agency – DVS and the furniture and equipment and computer hardware were valued as at the same date by the trustees. The basis on which the valuations were made was depreciated replacement cost.

Cost or valuation at 31 August 2019 is represented by :

| | Leasehold land and buildings £ | Fittings and equipment £ | Computer hardware £ | Total £ |
|-------------------|---|---|------------------------------------|--------------------|
| Valuation in 2014 | 2,758,830 | 17,354 | 13,610 | 2,789,794 |
| Cost | - | 65,845 | 25,507 | 91,352 |
| | <u>2,758,830</u> | <u>83,199</u> | <u>39,117</u> | <u>2,881,146</u> |

Cottesbrooke Infant and Nursery School
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Notes to the financial statements for the year ended 31 August 2019 (continued)

11. Debtors

| | 2019 £ | 2018 £ |
|--------------------------------|---------------|---------------|
| Debtors from operations | 312 | 7,353 |
| VAT recoverable | 18,059 | 12,534 |
| Prepayments and accrued income | 27,772 | 25,394 |
| | <u>46,143</u> | <u>45,281</u> |

12. Creditors

| | 2019 £ | 2018 £ |
|--|-----------------|-----------------|
| Amounts falling due within one year : | | |
| Creditors from operations | 35,976 | 34,587 |
| Accruals and deferred income | 63,030 | 66,894 |
| Other creditors | 92,865 | 101,336 |
| | <u>191,871</u> | <u>202,817</u> |
| Deferred income | | |
| Deferred income at 1 September 2018 | 48,944 | 50,347 |
| Resources deferred in the year | 42,954 | 48,944 |
| Amounts released from previous years | <u>(48,944)</u> | <u>(50,347)</u> |
| Deferred income at 31 August 2019 | <u>42,954</u> | <u>48,944</u> |

At the balance sheet date the academy trust was holding funds received in advance for free school meals.

Cottesbrooke Infant and Nursery School
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Notes to the financial statements for the year ended 31 August 2019 (continued)

13. Funds

| | Balance at 1 September 2018 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2019 £ |
|-------------------------------------|--|------------------|--------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 61,150 | 1,139,750 | (1,120,546) | - | 80,354 |
| Pupil premium | - | 109,780 | (109,780) | - | - |
| Other grants | - | 316,604 | (316,604) | - | - |
| | <u>61,150</u> | <u>1,566,134</u> | <u>(1,546,930)</u> | <u>-</u> | <u>80,354</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 2,517,156 | - | (57,202) | - | 2,459,954 |
| DfE Group capital grants | 7,684 | 20,276 | (9,817) | - | 18,143 |
| Capital expenditure from GAG | 19,547 | - | (4,292) | - | 15,255 |
| | <u>2,544,387</u> | <u>20,276</u> | <u>(71,311)</u> | <u>-</u> | <u>2,493,352</u> |
| Pension reserve | <u>(1,540,000)</u> | <u>-</u> | <u>(126,000)</u> | <u>(213,000)</u> | <u>(1,879,000)</u> |
| Total restricted funds | <u>1,065,537</u> | <u>1,586,410</u> | <u>(1,744,241)</u> | <u>(213,000)</u> | <u>694,706</u> |
| Unrestricted funds | | | | | |
| Other income | 314,408 | 115,755 | (104,389) | - | 325,774 |
| Total unrestricted funds | <u>314,408</u> | <u>115,755</u> | <u>(104,389)</u> | <u>-</u> | <u>325,774</u> |
| Total funds | <u>1,379,945</u> | <u>1,702,165</u> | <u>(1,848,630)</u> | <u>(213,000)</u> | <u>1,020,480</u> |

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

Restricted general funds

These comprise all restricted funds other than restricted fixed asset funds and include grants from The Education & Skills Funding Agency and Birmingham City Council.

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

Unrestricted funds

These comprise resources that may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted fixed asset funds

These comprise resources which are to be applied to specific capital purposes imposed by The Education & Skills Funding Agency and Birmingham City Council where the asset acquired or created is held for a specific purpose.

Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

13. Funds (continued)

Comparative information in respect of the preceding period

| | Balance at 1 September 2017 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2018 £ |
|-------------------------------------|--|------------------|--------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 37,307 | 1,216,031 | (1,185,739) | (6,449) | 61,150 |
| Pupil premium | - | 225,112 | (225,112) | - | - |
| Other grants | - | 178,884 | (178,884) | - | - |
| | <u>37,307</u> | <u>1,620,027</u> | <u>(1,589,735)</u> | <u>(6,449)</u> | <u>61,150</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 2,575,804 | - | (58,648) | - | 2,517,156 |
| DfE Group capital grants | 10,120 | 7,449 | (9,885) | - | 7,684 |
| Capital expenditure from GAG | 16,372 | - | (3,274) | 6,449 | 19,547 |
| | <u>2,602,296</u> | <u>7,449</u> | <u>(71,807)</u> | <u>6,449</u> | <u>2,544,387</u> |
| Pension reserve | <u>(1,589,000)</u> | <u>-</u> | <u>(187,000)</u> | <u>236,000</u> | <u>(1,540,000)</u> |
| Total restricted funds | <u>1,050,603</u> | <u>1,627,476</u> | <u>(1,848,542)</u> | <u>236,000</u> | <u>1,065,537</u> |
| Unrestricted funds | | | | | |
| Other income | 301,573 | 110,732 | (97,897) | - | 314,408 |
| Total unrestricted funds | <u>301,573</u> | <u>110,732</u> | <u>(97,897)</u> | <u>-</u> | <u>314,408</u> |
| Total funds | <u>1,352,176</u> | <u>1,738,208</u> | <u>(1,946,439)</u> | <u>236,000</u> | <u>1,379,945</u> |

14. Analysis of net assets between funds

Fund balances at 31 August 2019
are represented by:

| | Unrestricted funds £ | Restricted pension funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds £ |
|--------------------------|----------------------------|-------------------------------------|-------------------------------------|---|---------------------|
| Tangible fixed assets | - | - | - | 2,483,769 | 2,483,769 |
| Current assets | 325,774 | - | 272,225 | 9,583 | 607,582 |
| Current liabilities | - | - | (191,871) | - | (191,871) |
| | <u>325,774</u> | <u>-</u> | <u>80,354</u> | <u>2,493,352</u> | <u>2,899,480</u> |
| Pension scheme liability | - | (1,879,000) | - | - | (1,879,000) |
| Total net assets | <u>325,774</u> | <u>(1,879,000)</u> | <u>80,354</u> | <u>2,493,352</u> | <u>1,020,480</u> |

Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

14. Analysis of net assets between funds (continued)

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

| | Unrestricted funds | Restricted pension funds | Restricted general funds | Restricted fixed asset funds | Total funds |
|--------------------------|--------------------|--------------------------|--------------------------|------------------------------|------------------|
| | £ | £ | £ | £ | £ |
| Tangible fixed assets | - | - | - | 2,544,387 | 2,544,387 |
| Current assets | 314,408 | - | 263,967 | - | 578,375 |
| Current liabilities | - | - | (202,817) | - | (202,817) |
| | 314,408 | - | 61,150 | 2,544,387 | 2,919,945 |
| Pension scheme liability | - | (1,540,000) | - | - | (1,540,000) |
| Total net assets | 314,408 | (1,540,000) | 61,150 | 2,544,387 | 1,379,945 |

15. Capital commitments

| | 2019 £ | 2018 £ |
|---|-----------|-----------|
| Contracted for but not provided in the financial statements | - | - |

16. Commitments under operating leases

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

| | Other | |
|--|--------------------|--------------------|
| | Total 2019 £ | Total 2018 £ |
| Amounts due within one year | 1,952 | 1,952 |
| Amounts due between one and five years | 1,464 | 3,416 |
| | 3,416 | 5,368 |

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

| | 2018/19 Total £ | 2017/18 Total £ |
|--|-----------------------|-----------------------|
| Net income/(expenditure) for reporting period (as per the SoFA) | (146,465) | (208,231) |
| Adjusted for : | | |
| Depreciation (note 11) | 71,311 | 71,807 |
| Capital grants from DfE and other capital income | (20,276) | (7,449) |
| Interest receivable (note 4) | (836) | (1,401) |
| Defined benefit pension scheme cost less contributions payable (note 21) | 87,000 | 148,000 |
| Defined benefit pension scheme finance cost/(income) (note 21) | 39,000 | 39,000 |
| Decrease / (increase) in debtors | (862) | (7,008) |
| Increase / (decrease) in creditors | (10,946) | (134,650) |
| Net cash provided by / (used in) operating activities | 17,926 | (99,932) |

**Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)**

Notes to the financial statements for the year ended 31 August 2019 (continued)

18. Cash flows from investing activities

| | 2018/19 Total £ | 2017/18 Total £ |
|--|-----------------------|-----------------------|
| Interest received | 836 | 1,401 |
| Purchase of tangible fixed assets | (10,693) | (13,898) |
| Capital grants from DfE Group | 20,276 | 7,449 |
| Net cash provided by / (used in) investing activities | 10,419 | (5,048) |

19. Analysis of cash and cash equivalents

| | At 31 August 2019 £ | At 31 August 2018 £ |
|--------------------------|------------------------------|------------------------------|
| Cash at bank and in hand | 561,439 | 533,094 |
| | 561,439 | 533,094 |

20. Members' liability

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

21. Pension and similar obligations

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

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

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

**Cottesbrooke Infant and Nursery School
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Notes to the financial statements for the year ended 31 August 2019 (continued)

21. Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are :

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

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

The employer's pension costs paid to TPS in the year amounted to £60,978 (2018 : £77,363).

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

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

**Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)**

Notes to the financial statements for the year ended 31 August 2019 (continued)

21. Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £154,000 (2018 : £202,000), of which employer's contributions totalled £125,000 (2018 : £157,000) and employees' contributions totalled £29,000 (2018 : £45,000). The agreed contribution rates for future years are 21.3% for employers and between 5.5% and 9.6% 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.

The trustees have agreed that the trust will make additional contributions in addition to normal funding levels over the next 20 years.

Principal actuarial assumptions

| | At 31 August 2019 | At 31 August 2018 |
|--|----------------------|----------------------|
| Rate of increase in salaries | 3.75% | 3.80% |
| Rate of increase for pensions in payment / inflation | 2.25% | 2.30% |
| Discount rate for scheme liabilities | 1.85% | 2.65% |
| Inflation assumption (CPI) | 2.25% | 2.30% |
| Commutation of pensions to lump sums | 50.00% | 50.00% |

Sensitivity analysis

| | As disclosed | Discount rate | CPI rate | In life expectancy |
|-----------------------------------|-----------------|------------------|-------------|-----------------------|
| | | + 0.1% pa | + 0.1% pa | + 1 year |
| | £'000s | £'000s | £'000s | £'000s |
| Present value of total obligation | 3,351 | 3,285 | 3,407 | 3,475 |
| Projected service cost | 201 | 197 | 205 | 208 |
| | | - 0.1% pa | - 0.1% pa | - 1 year |
| | £'000s | £'000s | £'000s | £'000s |
| Present value of total obligation | 3,351 | 3,419 | 3,296 | 3,232 |
| Projected service cost | 201 | 205 | 197 | 194 |

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

| | At 31 August 2019 | At 31 August 2018 |
|----------------------|----------------------|----------------------|
| Retiring today | | |
| Males | 20.9 | 21.9 |
| Females | 23.2 | 24.4 |
| Retiring in 20 years | | |
| Males | 22.6 | 24.1 |
| Females | 25.1 | 26.7 |

**Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)**

Notes to the financial statements for the year ended 31 August 2019 (continued)

21. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

| | 31 August 2019 £ | 31 August 2018 £ |
|-------------------------------------|---------------------------------|---------------------------------|
| Equities | 885,000 | 801,000 |
| Government bonds | 139,000 | 91,000 |
| Other bonds | 56,000 | 47,000 |
| Property | 120,000 | 103,000 |
| Cash/liquidity | 53,000 | 47,000 |
| Other | 219,000 | 177,000 |
| Total market value of assets | 1,472,000 | 1,266,000 |

The actual return on scheme assets was £86,000 (2018 : £14,000).

| | 2018/19 £ | 2017/18 £ |
|---|----------------------|----------------------|
| Amount recognised in the statement of financial activities | | |
| Current service cost | 211,000 | 305,000 |
| Net interest cost | 39,000 | 39,000 |
| Administration expenses | 1,000 | - |
| Total amount recognised in the SoFA | 251,000 | 344,000 |

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

| | 2018/19 £ | 2017/18 £ |
|-----------------------------------|----------------------|----------------------|
| At 1 September 2018 | 2,806,000 | 2,646,000 |
| Current service cost | 176,000 | 305,000 |
| Interest cost | 74,000 | 69,000 |
| Employee contributions | 29,000 | 45,000 |
| Change in demographic assumptions | (171,000) | - |
| Benefits paid | (33,000) | (7,000) |
| Change in financial assumptions | 435,000 | (252,000) |
| Past service cost | 35,000 | - |
| At 31 August 2019 | 3,351,000 | 2,806,000 |

**Cottesbrooke Infant and Nursery School
(A Company Limited by Guarantee)**

Notes to the financial statements for the year ended 31 August 2019 (continued)

21. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

| | 2018/19 | 2017/18 |
|-------------------------------------|--------------------|--------------------|
| | £ | £ |
| At 1 September 2018 | 1,266,000 | 1,057,000 |
| Interest income | 35,000 | 30,000 |
| Employer contributions | 125,000 | 157,000 |
| Employee contributions | 29,000 | 45,000 |
| Benefits paid | (33,000) | (7,000) |
| Administration expenses | (1,000) | - |
| Return on assets less interest | 51,000 | (16,000) |
| At 31 August 2019 | 1,472,000 | 1,266,000 |
| Net pension scheme liability | (1,879,000) | (1,540,000) |

22. Related party transactions

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

No related party transactions took place in the period of account other than certain trustees' remuneration and expenses already disclosed in note 8.