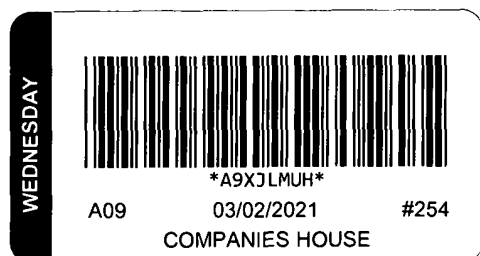


Company Registration No. 07807248 (England and Wales)

BERWICK ACADEMY
(A COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020



BERWICK ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Members

D Goddard
P Aitchinson
S Garside (Resigned 12 February 2020)
T J Withnall (Resigned 27 June 2020)

Trustees

D L Cairns
Dr J Reed
J M B Gilchrist
D L Goddard (Chair)
C M Robinson
D M Shearer (Resigned 16 February 2020)
R Williamson
T Hush (Accounting Officer)

Senior management team

- Headteacher	T Hush (Accounting Officer)
- Deputy Headteacher	S Gibson
- Assistant Headteacher	K Laws
- Assistant Headteacher	L Wellingsclare
- Business Manager	F Hall

Company registration number

07807248 (England and Wales)

Registered office

Adams Drive
Berwick upon Tweed
Northumberland
TD15 2JF

Independent auditor

RSM UK Audit LLP
1 St. James' Gate
Newcastle upon Tyne
NE1 4AD

Bankers

Lloyds
5th Floor
102 Grey Street
Newcastle Upon Tyne
NE1 6AG

Solicitors

Muckle LLP
Time Central
32 Gallowgate
Newcastle upon Tyne
NE1 4BF

BERWICK ACADEMY

TRUSTEES' REPORT

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

The Academy Trust operates a secondary coeducational academy for pupils aged 13 to 18, with a roll of 473 pupils of whom 86 are in the sixth form.

The Berwick Academy catchment suffers from a declining and ageing population particularly with young people relocating elsewhere to pursue a higher quality of life through better employment, training opportunities and affordable housing. Tourism accounts for most of the economic activity in the area, with food processing, and agriculture related businesses also important.

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, this document is available on the website or follow the link: https://www.berwickacademy.co.uk/wp-content/uploads/2019/04/Articles-of-Association-14_03_2018-Berwick-Academy.pdf

The company was incorporated on 12 October 2011 and the date of conversion to an Academy Trust was 1 November 2011.

The trustees of Berwick Academy are also the directors of the charitable company for the purposes of company law. The charitable company is known as Berwick Academy.

Details of the trustees who served during the year are included in the Reference and Administrative Details on page 1.

Members' liability

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

Trustees' indemnities

Every trustee of the academy trust shall be indemnified out of the assets of the academy trust against any liability incurred by him/her in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he/she is acquitted or in connection with any application in which relief is granted to him/her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the academy trust.

BERWICK ACADEMY

TRUSTEES' REPORT (CONTINUED)

Method of recruitment and appointment or election of trustees

The academy trust has 4 members including the chair of trustees and 1 trustee who have signed the memorandum of association. 2 members resigned with recruitment in hand for 2020/21. The Secretary of State has the right to appoint a member and the members have the right to appoint additional members from the board of trustees.

No limit has been imposed on the number of trustees that may serve on the board of trustees although it should never be less than 3. At 31 August 2020, the academy trust had 7 trustees of which 3 were appointed by the members to represent the community, 2 represent parents, 1 was nominated by the Berwick partnership of schools and 1 were elected by the trustees of the academy.

The term of office for any trustee is 4 years and, subject to eligibility, trustees may be re-appointed or re-elected.

Since 1 September 2019, the board of trustees held 8 meetings of the full board of trustees. There have been 16 meetings of sub-committees including standards (2), pastoral and inclusion (2), leadership (2), appraisal (1), staffing (2), discipline (5) and risk and audit (2). The board of trustees agreed that, from 1 September 2018, there would be standing sub-committees for standards, risk and audit/leadership, pastoral and inclusion and performance management. Ad-hoc committees would be formed, as required, for staffing and discipline issues.

Policies and procedures adopted for the induction and training of trustees

The board of trustees has designated the Clerk to the Trustees as the person responsible for the induction and training of trustees. All new trustees have received an induction from the Clerk and a pack of training materials including the DfE guide for school trustees, previous minutes of meetings, the articles of association and funding agreement and the school development plan. Trustee training is listed as an outstanding item on agendas for full trustee meetings.

Organisational structure

The organisational structure of the academy has 3 levels: governance, leadership and management. The board of trustees is responsible for setting the vision and aims of the academy, adopting and monitoring the annual school development plan and budget and making major strategic decisions about the future of the academy, capital expenditure and senior staff appointments. The leadership team consisting of the headteacher, deputy headteacher, 2 assistant headteachers, and the business manager operate as the academy executive and provide regular reports to the board of trustees. The management team operate the academic, pastoral and business functions of the academy. The board of trustees has in place a delegation policy showing the limits at which expenditure can be authorised at each level of management within the academy.

Arrangements for setting pay and remuneration of key management personnel

The pay policy is fully delegated by the board of trustees to the school's staffing committee. In operating the policy the board of trustees will take account of the priorities expressed in the school development plan, the views of school staff, local authority guidance, national guidance and the limitations imposed by the school's budget. The board of trustees will follow advice from the local authority; take into consideration the remuneration for apparently similar posts in other schools in order to discharge its equal pay obligations effectively.

The trustees responsible for the headteacher's performance management will follow advice and support from an external adviser, make recommendations about the head's performance pay to the staffing committee. The headteacher will advise the committee but will withdraw from any discussions in relation to their own performance or pay.

The headteacher will follow the moderation process set out in the academy's appraisal policy; pass onto the committee, the recommendations about pay progression based on performance for all other key management personnel.

BERWICK ACADEMY

TRUSTEES' REPORT (CONTINUED)

Trade union facility time	Relevant union officials	Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number	Percentage of time spent on facility time	Percentage of time	Number of employees
100%	0%	1	-	-	-	-
51%-99%	1%-50%	1	-	-	-	-
Percentage of pay bill spent on facility time	Total cost of facility time	Total pay bill	Percentage of the total pay bill spent on facility time	Paid trade union activities	Time spent on paid trade union activities as a percentage of total paid facility time hours	Related parties and co-operation with other organisations
						The Academy is not part of any wider network or federation. There are currently no relationships with any related parties.

OBJECTIVES AND ACTIVITIES

The principal objective of the academy is to establish, maintain, manage and develop a school offering a broad educational curriculum to 13-18 year olds.

The main aims of the academy are:

- to help students to develop a love of learning and the values, skills and attitudes that will be required for a purposeful life beyond school;
- to help students to understand and appreciate diversity and the interdependence of people in a global community;
- to develop and sustain highly effective governance as a state-funded independent academy;
- to maintain a safe, inclusive community for all students;
- to develop in students outstanding attendance, punctuality and behaviour;
- to achieve outstanding attainment and progress for all students;
- to achieve outstanding teaching and learning for all of teachers and students;
- to maintain an inspiring, inclusive, innovative curriculum;
- to provide good quality enrichment opportunities for all students; and
- to develop and sustain an effective relationship with parents and our community.

The main objectives for the period to 31 August 2020 were incorporated into the 2019-2020 school development plan and grouped under 4 headings: quality of education; personal development; behaviour and attitudes; leadership and management including trustee development. Progress was reported to the board of trustees via a standing item on the board of trustees agenda.

The strategic approach to academy improvement has been to identify clear, achievable objectives linked to our aims and public accountability. Our leadership and management structure identifies those people who are accountable for achieving the outcomes. We allocate responsibilities and resources as appropriate, monitor progress and intervene to combat underperformance. All teachers participate in annual performance management reviews.

BERWICK ACADEMY

TRUSTEES' REPORT (CONTINUED)

Objectives, strategies and activities

We continue to celebrate student achievement through the school rewards system for each year group. We hold internal award ceremonies every term and the presentation of certificates for attendance, achievement, progress and outstanding achievement are made and celebrated. The academy encourages student participation through a school council and student learning ambassadors. The head boy and head girl representatives are elected every year and meet regularly with the headteacher and school leadership to share their perspective on school life.

We value the importance of offering our students access to the benefits that educational visits and outdoor activities play in their development. At Berwick Academy we continue to broaden our student's horizons through a rich programme of visits and events beyond the classroom including sporting fixtures, geography fieldtrips and theatre and film festival events. During the autumn and early spring of 2019/20 various student groups participated in a number of activities including a Remembrance service, carol service, careers events, theatre trips including Blood Brothers and Live Theatre Workshops in Newcastle.

Due to the COVID19 pandemic a number of activities unfortunately had to be cancelled due to 'lockdown' including the performance of the musical 'Rock of Ages' and the 'Inspired' musical performances at Berwick Maltings. These performances would have showcased group and individual talents and been well supported by our school community.

In February 2020 a number of Year 10 and 11 students with staff enjoyed an educational overseas trip to Paris where they had the opportunity to find out more about the legacy of WW1, learn about French language and customs, visit a number of galleries and explore impressionism and find out more about the history of Paris. Unfortunately due to the pandemic restrictions the planned overseas trip to Berlin at Easter was cancelled.

We have continued to place emphasis on STEM and have been successful in securing additional funding for CPD for curriculum development work, STEM subject leadership and STEM to support nurture groups. The funding will support further close working with our Middle School maths and science partners.

During the year we worked with the Royal Grammar School to introduce the Classics Immersion programme which was launched with a visit to RGS in Spring 2020. Unfortunately due to the pandemic the planned programme was cut short but we hope to resume when restrictions are lifted.

During 'lockdown' we continued to provide access to learning in all subjects through the school's digital resource platform which included a wide range of activities to enhance remote learning. Also as part of 'Berwick Reads', a project to put reading at the heart of Berwick Academy, we launched a series of virtual reading events through our digital homework platform. While our students are at home, we wanted to do something a bit different and special to reach out to them. We decided that there could be no more important or enjoyable way of doing this than through reading. As a result, our teachers recorded stories, books and poems to read aloud to students 'virtually'.

The academy continues to place great emphasis on teacher development and encourages both teaching and support staff to develop their skills through internal and external continuous professional development (CPD).

During the year we had the opportunity to deliver a presentation through the Royal Grammar School Teach Meet programme on Berwick Academy's work on Literacy and Cultural Capital which was well received.

Public benefit

In setting our objectives and planning our activities the trustees have given careful consideration to the charity commission's general guidance on public benefit.

BERWICK ACADEMY

TRUSTEES' REPORT (CONTINUED)

STRATEGIC REPORT

Achievements and performance

Berwick Academy opened as a school on 1 November 2011 replacing Berwick Community High School. The academy was inspected by Ofsted in January 2018 and given an inadequate rating with an interim visit in July 2018 and January 2019. Our Ofsted grade is inadequate/special measures. The following areas for improvement have been identified:

- student outcomes inadequate with need to accelerate students' progress;
- improve the quality of teaching, learning and assessment;
- improve effectiveness of leadership and management including governance; and
- develop a culture of safeguarding through improving pupil behaviour and attendance.

Performance

- Overall Progress 8 improved from -0.64 in 2018 to -0.54 in 2019 and -0.29 in 2020
- Overall Attainment 8 improved from 37.61 in 2018 to 38.92 in 2019 and 43.6 in 2020
- In Mathematics at the year ended 31 August 2020 69%, (2017 - 58%, 2018 60%, 2019 58%) of students achieved a grade 9-4 (A*-C).
- In English at the year ended 31 August 2020, 66% (2017 - 52%, 2018 52%, 2019 58%) of students achieved a grade 9-4 (A*-C).
- Continued improvement of A8 and P8 scores in 2020 for EBAC and Other buckets

Improved in all areas of Post 16, Academic/A Level/ Applied general/Vocational Level 3 in 2020

Financial review

Most of the academy's income is received from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities. Detail of all grants and income received can be found in notes 3-6.

The academy held fund balances at 31 August 2020 of £1,240,000 comprising restricted reserves of £1,226,000 and unrestricted reserves of £14,000. The LGPS pension deficit of £3,006,000 is reflected within restricted reserves.

BERWICK ACADEMY

TRUSTEES' REPORT (CONTINUED)

Going concern

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties in relation to events or conditions that may cast significant doubt on the ability of the Academy Trust 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 of the financial statements.

During the year the Academy Trust incurred an operational deficit (excluding the impacts of activities within the fixed asset fund or FRS102 S28 pension adjustment) of £294,000, resulting in surplus funds (excluding the pension deficit fund and fixed asset fund) of £14,000 (2019: £308k). The net current assets as at 31 August 2020 were £5,000 (2019: £254,000) and cash balances were £330,000 (2019: £433,000), a decrease on the prior year. The school has had a falling roll over a number of years but this year has seen an increase in year 9 and year 12 intake. Whilst this has had a positive financial impact, it is quite obvious that the school is disadvantaged by the 3 tier system. There is an acknowledgement from a number of stakeholders that a restructuring of the educational estate in Berwick to a 2 tier system would have a significantly positive financial impact on the Academy.

A financial notice to improve has been in place since 2018 and the Academy Trust has been working with the Education and Skills Funding Agency (ESFA), Local Authority and the Department for Education on plans to implement appropriate changes to improve the financial future of the Academy. This has included working with partners, reviewing several options which are currently being explored.

Financial forecasts have been prepared for a five-year period by the Academy Trust and shared with the ESFA. These forecasts indicate further losses and depletion of cash reserves over the five-year period. The ESFA has agreed to provide financial support to the Academy Trust of up to £600,000 over the 20/21 and 21/22 periods. On 4 January 2021, £200,000 of this financial support was received.

Forecasts indicate that with the receipt of the further agreed additional support of the ESFA the Academy can meet its liabilities as they fall due for 12 months from approval of these financial statements. However, the following material uncertainties exist: -

- Further support from the ESFA may be required in the year ending 31 August 2022 and beyond in addition to that already agreed. Based on current forecasts, the absence of further funding would result in insufficient cash within the Academy Trust from March 2022 onwards.
- A proportion of the agreed support from the ESFA may be subject to recovery in future academic years, with the terms yet to be agreed.
- The forecasts considered make certain assumptions around expected income, expenditure and capital requirements. Should there be downwards sensitivity to these forecasts, there is a risk regarding available cash balances with which to make required payments as they fall due.

The Trustees have considered the requirements of FRS 102 which states that an entity is a going concern unless management either intends to cease operations or has no realistic alternative but to do so. The Trustees and the ESFA are committed to the continued education provision in the local area and as detailed above are working collaboratively with partners at this time, whilst supported by the ESFA. As such the Trustees believe it is appropriate to prepare these financial statements on a going concern basis.

BERWICK ACADEMY

TRUSTEES' REPORT (CONTINUED)

Financial and risk management objectives and policies

The academy risk management strategy aims to ensure that the academy complies with risk management best practice and sets out the current processes and responsibilities for risk management in the academy. The strategy was reviewed by the Trustees in July 2020.

The objectives for managing risk are:

- to comply with best practice;
- to ensure risks are identified and documented;
- to provide assurance to the board of trustees that risks are being adequately controlled
- to identify areas for improvement; and
- to ensure action is taken appropriately in relation to accepting, mitigating, avoiding and transferring risks.

The risk management strategy;

- assigns roles and responsibilities for the management of risk;
- identifies risk management processes to ensure that all risks are appropriately identified, controlled and monitored; and
- ensures appropriate levels of awareness of risk throughout the academy.

The academy maintains a risk register which is reviewed annually by the risk and audit committee and full trustees to ensure satisfactory arrangements are in place to manage the risks. The leadership team will ensure that any perceived new risk or increase in risk or significant failure of risk management and control is reported to the risk and audit committee or through full board.

Reserves policy

The academy, after careful analysis of its cash flow, has concluded that the range of reserves should be between £100,000 and £300,000 of unrestricted funds. ESFA financial support has been sought to support the going concern assurance. Tangible fixed assets are all held for use by Berwick Academy and are not included in the reserves policy.

The level of unrestricted reserves at the end of the year ending 31 August 2020 was £14,000.

The academy's cash balance at 31 August 2020 was £330,000

The board of trustees has approved a budget for 2020-2021 which will run a deficit. This has been predicted and is caused by lower numbers on roll impacted by reduced year group secondary model (Yr 9 – 13) also part to demographics and small student numbers transferring to other schools out of catchment.

Berwick Academy continues to work closely with the Education and Skills Funding Agency with a financial recovery plan and monitoring in place and supporting exploring further options for the trust.

Investment policy

The policy is reviewed by the finance and general purposes sub-committee. The academy will regularly monitor cash flow and account balances to ensure financial commitments can be met. The academy's current policy is to only invest funds in risk free and immediately accessible deposit accounts.

BERWICK ACADEMY

TRUSTEES' REPORT (CONTINUED)

Key performance indicators

The academy's performance against targets in external examinations in 2020 is set out below. The 2020 outcomes are provisional and subject to ratification by the DFE.

	Outcomes 2018/2019	Outcomes 2019/2020
Overall A8 Score	38.92	43.6
Overall P8 Score	-0.54	-0.29
English & Maths 4+	47%	59%
English & Maths 5+	21%	34%
Best English 4+	58%	66%
A8 Score PP Students	38	39
English & Maths 4+ PP Students	44%	47%
A Level Average Points	22.96	29
A level Average Grade	D+	C
A Level Value Added	-0.23	0.32
Applied General Average points	27.94	28.7
Applied General Average grade	M+	M+
Applied General value Added	-0.24	0.18
Tech level Average Points	17	36.7
Tech Level General Average Grade	M+	D+
Overall Attendance	88.4%	91.1%
Persistent Attendance	16.7%	15.36%

Plans for future periods

The academy has a school development plan (SDP) which sets out its core objectives for the forthcoming academic year under the following themes: teaching and learning; behaviour and safety; attainment and progress; leadership and management. The SDP includes a 3 year financial plan.

The Academy has been working with the Education and Skills Funding Agency and the Department of Education on plans to implement appropriate changes to improve the financial future of the academy. This has included working with partners reviewing a number of options which are currently being explored.

Incorporated into the SDP are areas for development identified by Ofsted in January 2019.

Principal risks and uncertainties

The principal, unmitigated risks and uncertainties facing the academy are as follows;

Governance

- The quality or timeliness of information available to trustees is in doubt
- There is an unsustainable drop in student demand due to demographics or competition

Strategic leadership

- The leadership team are insufficiently qualified to discharge their duties
- The absence or departure of key staff leads to a failure of leadership
- The academy is unable to recruit high calibre leaders
- The leadership team do not set a coherent set of values and ethos for the school
- The leadership team do not address identified weaknesses
- The academy does not take adequate steps to train staff to recognise extremism using the prevent framework

Fundraising

Berwick Academy has not actively been involved in any fundraising activities during 2019/20.

BERWICK ACADEMY

TRUSTEES' REPORT (CONTINUED)

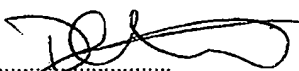
AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office.

Statement as to disclosure of information to auditor

The trustees have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the trustees have confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The trustees' report is approved by order of the board of trustees and the strategic report (included therein) is approved by the board of trustees in their capacity as the directors at a meeting on 26.1.21 and signed on its behalf by:



.....
D L Goddard
Chair

BERWICK ACADEMY

GOVERNANCE STATEMENT

Scope of responsibility

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

As trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

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

Governance

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 8 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings attended	Out of possible
D L Cairns	8	8
Dr J Reed	6	8
J M B Gilchrist	6	8
D L Goddard (Chair)	6	8
C M Robinson	7	8
D M Shearer (Resigned 16 February 2020)	3	3
R Williamson	4	8
T Hush (Accounting Officer)	7	8

Governance reviews

An external governance review was undertaken during the previous academic year; as a result changes to the structure of the sub committees were implemented to support academy priorities and ensure focus on improvement and accountability. There are ongoing efforts to secure new trustees with the relevant skills and experience to support the academy. Recruiting skilled trustees continues to be challenging due to 'special measures' category, commitment and geographical location. During the year trustees have been presented with comprehensive, financial information and data to measure school improvement and progress. This is an area which the leadership and trustees continue to review to ensure secure data is reported in a timely manner.

The leadership committee's purpose is to assist the decision making of the Board of Trustees by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustee's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity.

As a subcommittee risk and audit report directly to the Board of Trustees. The purpose is to ensure that there is a separate oversight committee looking at the financial statements produced by the academy. It will ensure that the information placed in the public domain regarding financial performance of the academy is subject to close scrutiny. They will liaise with the external auditors to ensure that they have an independent committee to deal with those included in the day to day oversight function.

BERWICK ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
Dr J Reed	2	2
J M B Gilchrist	0	2
D L Goddard (Chair)	0	2
R Williamson	1	2
T Hush (Accounting Officer)	2	2

Review of value for money

As accounting officer, the headteacher has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received. They are guided by the principles laid out in the ESFA financial handbook and other regulatory guidance.

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available.

Berwick Academy strives to find the best value in its purchasing decisions by using cost comparisons on orders so that purchases are always made within an ethos of cost, quality and value. For example when we are purchasing books and other teaching and learning resources we ensure that best value is achieved by sourcing from a number of competitive marketplace providers which has resulted in significant savings.

The Board of Trustees and staff ensured that Berwick Academy obtained best value for money from all of its purchases by ensuring the best quality, quantity and use of time supported the best price.

Value for money was achieved:

- by seeking best value through efficiency to minimise the cost of resources;
- by using time efficiently;
- by monitoring and economising;
- by ensuring fairness and equality at all times.

In addition to the above Berwick Academy considered best value by:

- Challenging: questioning the way services have been delivered;
- Comparing: comparing the way services were obtained with other Academies;
- Consulting: consulting relevant stakeholders to ensure services were relevant to needs.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Berwick Academy for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of 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 ongoing process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

BERWICK ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Audit One as internal assurance reviewer, performing a range of checks on the academy trusts financial system, including cyber resilience. The internal assurance review has been fully delivered in line with the ESFA's requirements.

The work carried out by Audit One in the current period included Financial Systems checks which reported no material control issues arising as a result.

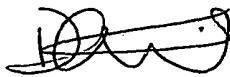
Review of effectiveness

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

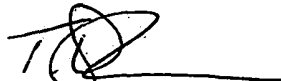
- the work of the internal reviewer;
- the work of the external auditor;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy trust who have responsibility for
- the development and maintenance of the internal control framework.

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the risk and audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the Board of Trustees on 26.1.21 and signed on its behalf by:



D L Goddard
Chair



T Hush
Accounting Officer

BERWICK ACADEMY

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

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

I confirm that I and the Academy Trust's 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 2019.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and the ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

Financial issues

- The Academy was issued with a financial notice to improve on 18 December 2018 and on 24 February 2020. This was in relation to the weak financial position and the governance and oversight of financial management at the trust which led to breaches of the Academies Financial Handbook. Whilst not referred in the letter the specific breaches are with reference to:
 - Section 2.1 (AFH 2019) in relation to 'robust oversight of the academy trust'
 - Section 2.9 (AFH 2019) in relation to 'rigour and scrutiny in budget management'
 - Section 2.11 (AFH 2019) in relation to 'accurate and realistic budget forecasts'

The Board of Trustees are working closely with the Education and Skills Funding Agency to resolve the situation and develop an appropriate action plan.



T Hush
Accounting Officer

26.1.21

BERWICK ACADEMY

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

In preparing these financial statements, the trustees are required to:

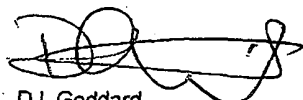
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 that grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 26.1.21 and signed on its behalf by:



D L Goddard
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BERWICK ACADEMY

Opinion

We have audited the financial statements of Berwick Academy (the "charitable company") for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), and the Academies: Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements, which indicates that the company incurred net expenditure of £648,000 during the year ended 31 August 2020, resulting in an operational deficit (excluding the impacts of capital funding, depreciation charge and FRS 102 s28 adjustment) of £294,000.

Five-year forecasts have been produced which indicate future operational and cash deficits. Financial support has been secured from the ESFA to provide sufficient cash for the 12 months from approval of these financial statements. However, forecasts indicate that further cash will be required from March 2022 onwards. Additionally, a proportion of the secured funding is subject to recovery in future academic years.

As stated in note 1, these events or conditions, along with other matters in note 1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BERWICK ACADEMY (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report which includes the Director's Report and the incorporated Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the incorporated Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 15, the trustees (who act as trustees for the charitable activities of the charitable company are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BERWICK ACADEMY
(CONTINUED)**

Use of our report

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

RSM UK Audit LLP

Claire Leece (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

1 St. James' Gate

Newcastle upon Tyne

NE1 4AD

29 June 2021

BERWICK ACADEMY

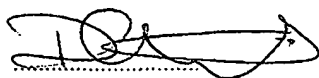
STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 AUGUST 2020

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2020	Total 2019
	Notes	£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Donations and capital grants	3	-	-	13	13	190
Charitable activities:						
- Funding for educational operations	4	-	3,197	-	3,197	3,127
Other trading activities	5	180	16	-	196	293
Investments	6	1	-	-	1	3
Total		<u>181</u>	<u>3,213</u>	<u>13</u>	<u>3,407</u>	<u>3,613</u>
Expenditure on:						
Raising funds	7	150	-	-	150	202
Charitable activities:						
- Educational operations	8	32	3,624	249	3,905	4,018
Total	7	<u>182</u>	<u>3,624</u>	<u>249</u>	<u>4,055</u>	<u>4,220</u>
Net expenditure		(1)	(411)	(236)	(648)	(607)
Transfers between funds	16	(293)	278	15	-	-
Other recognised gains/(losses)						
Actuarial losses on defined benefit pension schemes	23	-	(507)	-	(507)	(671)
Net movement in funds		(294)	(640)	(221)	(1,155)	(1,278)
Reconciliation of funds						
Total funds brought forward		308	(2,366)	4,453	2,395	3,673
Total funds carried forward		<u>14</u>	<u>(3,006)</u>	<u>4,232</u>	<u>1,240</u>	<u>2,395</u>

BERWICK ACADEMY**BALANCE SHEET****AS AT 31 AUGUST 2020**

	Notes	2020 £'000	2019 £'000
Fixed assets			
Tangible assets	12	4,241	4,507
Current assets			
Debtors	13	106	275
Cash at bank and in hand		330	433
		<u>436</u>	<u>708</u>
Current liabilities			
Creditors: amounts falling due within one year	14	(431)	(454)
Net current assets		<u>5</u>	<u>254</u>
Net assets excluding pension liability		<u>4,246</u>	<u>4,761</u>
Defined benefit pension scheme liability	23	(3,006)	(2,366)
Total net assets		<u>1,240</u>	<u>2,395</u>
Funds of the Academy Trust:			
Restricted funds	16		
- Restricted fixed asset funds		4,232	4,453
- Pension reserve		(3,006)	(2,366)
Total restricted funds		<u>1,226</u>	<u>2,087</u>
Unrestricted income funds	16	<u>14</u>	<u>308</u>
Total funds		<u>1,240</u>	<u>2,395</u>

The financial statements on pages 19 to 41 were approved by the board of trustees and authorised for issue on 26.1.21 and are signed on their behalf by:



D L Goddard
Chair

BERWICK ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

		2020		2019	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Net cash used in operating activities	20		(182)		(485)
Cash flows from investing activities					
Dividends, interest and rents from investments		1		3	
Capital grants from DfE Group		93		108	
Purchase of tangible fixed assets		(15)		(14)	
Net cash provided by investing activities			79		97
Net decrease in cash and cash equivalents in the reporting period			(103)		(388)
Cash and cash equivalents at beginning of the year			433		821
Cash and cash equivalents at end of the year			330		433

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

General information

Berwick Academy is a charitable company. The address of its principal place of business is given on page 1 and the nature of its operations are set out in the trustees' report.

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 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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006. The Academy Trust is a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

The financial statements are presented in sterling which is also the functional currency of the Academy Trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Going concern

During the year the Academy incurred net expenditure of £648,000 (2018: £607,000), after adjusting for depreciation, capital monies and the impact of FRS102 S28 pension adjustment the deficit is £294,000 (2019: £278,000). This resulted in funds (excluding the pension deficit and fixed asset fund) of £14,000 (2019: £308,000).

The Academy is forecasting a further operational deficit for the year ended 31 August 2021 of £539k together with a further deficit in the following year. The accompanying cash flow forecasts reflect reducing cash balances. This decrease in cash reserves contributes towards the uncertainty over going concern.

The Academy has been working with the Education and Skills Funding Agency and the Department of Education on plans to implement appropriate changes to improve the financial future of the academy. This includes action in relation to the Ofsted judgement, pupil numbers and potential efficiencies. This has included working with partners reviewing several options which are currently being explored.

The ESFA has agreed to provide financial support to the Academy Trust of up to £600,000 over the 20/21 and 21/22 periods. On 4 January 2021, £200k of this financial support was received.

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

These forecasts indicate that with the receipt of the further agreed additional support of the ESFA the Academy can meet its liabilities as they fall due for 12 months from approval of these financial statements. However, the following material uncertainties exist that may cast significant doubt over the ability of the Academy Trust to continue as a going concern: -

- Further support from the ESFA may be required in the year ending 31 August 2022 and beyond in addition to that already agreed. Based on current forecasts, the absence of further funding would result in insufficient cash within the Academy Trust from March 2022 onwards.
- A proportion of the agreed support from the ESFA may be subject to recovery in future academic years, with the terms yet to be agreed.
- The forecasts considered make certain assumptions around expected income, expenditure and capital requirements. Should there be downwards sensitivity to these forecasts, there is a risk regarding available cash balances with which to make required payments as they fall due.

The trustees are of the view that the Academy Trust has sufficient resources to continue in operational existence for at least 12 months from approval of the financial statements, with the support of the ESFA, and thus they have continued 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 period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Donations

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

Other income

Other income, including the hire of facilities, catering income, cost recharges and school trips, is recognised in the period it is receivable and to the extent the Academy Trust has provided the goods or services.

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

These are costs incurred on the Academy Trust's educational operations to further its charitable aims for the benefit of the beneficiaries, including support costs and costs relating to the governance of the Academy Trust apportioned to charitable activities.

Tangible fixed assets and depreciation

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

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

Depreciation is provided on all tangible fixed assets over their useful lives on the following bases:

Land and buildings	Straight line over 25 years
Computer equipment	Straight line over 4 years
Fixtures and fittings	Straight line over 5 - 15 years

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

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

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

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 in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement basis are as follows:

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

Cash at bank - is classified as a basic financial instrument and is measured at fair value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 14. 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 chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'), which are multi-employer 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 projected unit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies (Continued)

The LGPS is a funded multi-employer scheme and the assets are held separately. 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 reporting date. The amounts charged to net income are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Fund accounting

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

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

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

Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 25.

Termination benefits

Termination benefits to encourage employees to leave service voluntarily are recognised when employees accept the Academy trust's offer to those benefits. Termination benefits provided as a result of the Academy terminating employment are recognised when the Academy Trust has communicated its plan of termination to the affected employees.

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

2 Critical accounting estimates and areas of judgement (Continued)

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

3 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Capital grants	-	13	13	188
Other donations	-	-	-	2
	<u>-</u>	<u>13</u>	<u>13</u>	<u>190</u>

The income from donations and capital grants was £13,000 (2019: £190,000) of which £nil was unrestricted (2019: £2,000), £nil was restricted (2019: £188,000) and £13,000 was restricted fixed assets (2019: £nil).

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
DfE / ESFA grants				
General annual grant (GAG)	-	2,637	2,637	2,902
Other DfE group grants	-	517	517	162
	<u>-</u>	<u>3,154</u>	<u>3,154</u>	<u>3,064</u>
Other government grants				
Local authority grants	-	43	43	63
	<u>-</u>	<u>3,197</u>	<u>3,197</u>	<u>3,127</u>

The income from funding for educational operations was £3,197,000 (2019: £3,127,000) of which £3,197,000 was restricted (2019: £3,127,000).

Other DfE group grants are made up of pupil premium, Teacher's pay grant, monies from 'One Vision' and rates relief. Local Authority grants are made up of Funding for statemented pupils and SEN top up funding. There are no unfulfilled conditions or contingencies for grants recognised in the period.

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

5 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Hire of facilities	7	-	7	9
Catering income	75	-	75	139
Cost recharges	12	-	12	14
School Trips	3	-	3	33
Other income	83	16	99	98
	<u>180</u>	<u>16</u>	<u>196</u>	<u>293</u>

The income from other trading activities was £196,000 (2019: £293,000) of which £180,000 was unrestricted (2019: £272,000) and £16,000 was restricted (2019: £21,000).

6 Investment income

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Interest from short term deposits	1	-	1	3
	<u>1</u>	<u>-</u>	<u>1</u>	<u>3</u>

The income from funding for investment income was £1,000 (2019: £3,000) of which £1,000 was unrestricted (2019: £3,000).

7 Expenditure

	Staff costs £'000	Non Pay Expenditure		Total 2020 £'000	Total 2019 £'000
		Premises £'000	Other £'000		
Expenditure on raising funds					
- Direct costs	78	-	72	150	202
Academy's educational operations					
- Direct costs	2,289	281	266	2,836	2,655
- Allocated support costs	654	166	249	1,069	1,363
	<u>3,021</u>	<u>447</u>	<u>587</u>	<u>4,055</u>	<u>4,220</u>

The expenditure on raising funds was £150,000 (2019: £202,000) of which £150,000 was unrestricted (2019: £202,000).

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

7 Expenditure (Continued)

Net income/(expenditure) for the year includes:	2020 £'000	2019 £'000
Operating lease rentals	6	7
Depreciation of tangible fixed assets	281	292
Net interest on defined benefit pension liability	43	41
Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:		
- Audit	13	11
- Other services	5	4
	<u>18</u>	<u>15</u>

8 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000	Total 2019 £'000
Direct costs				
Educational operations	32	2,804	2,836	2,655
Support costs				
Educational operations	-	1,069	1,069	1,363
	<u>32</u>	<u>3,873</u>	<u>3,905</u>	<u>4,018</u>

The expenditure on charitable activities was £3,937,000 (2019: £4,050,000) of which £32,000 was unrestricted (2019: £32,000), £3,624,000 was restricted (2019: £3,726,000) and £281,000 was restricted fixed assets (2019: £292,000).

	2020 £'000	2019 £'000
Analysis of support costs		
Support staff costs	654	668
Technology costs	19	46
Premises costs	166	408
Legal costs	7	9
Other support costs	199	213
Governance costs	24	19
	<u>1,069</u>	<u>1,363</u>

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

9 Staff

Staff costs

Staff costs during the year were:

	2020 £'000	2019 £'000
Wages and salaries	2,042	2,035
Social security costs	195	193
Pension costs	603	527
Staff costs - employees	2,840	2,755
Agency staff costs	181	184
Staff restructuring costs	-	5
Total staff expenditure	3,021	2,944
Staff restructuring costs comprise:		
Redundancy payments	-	5

Staff numbers

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

	2020 Number	2019 Number
Teachers	27	34
Administration and support	28	46
Management	5	5
	60	85

Higher paid staff

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

	2020 Number	2019 Number
£60,001 - £70,000	-	2
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-

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 and national insurance contributions) received by key management personnel for their services to the Academy Trust was £466,277 (2019: £409,786).

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10 Trustees' remuneration and expenses

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

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

S Wilkes (Accounting Officer and Acting Headteacher until 6 December 2018) received remuneration of £nil (2019: £18,000) and pension contributions paid by the Academy of £nil (2019: £3,000).

T Hush (Accounting Officer and Headteacher) received remuneration of £86,000 (2019: £58,000) and pension contributions paid by the Academy of £20,000 (2019: £9,000)

In the prior year, A Dickson (staff trustee) received remuneration of £39,000 and pension contributions paid by the Academy in the year were £6,000. A Dickson resigned as trustee on 5 July 2019.

During the year ended 31 August 2020, travel and subsistence expenses totalling £nil (2019: £nil) were reimbursed to nil trustees (2019: nil).

Related party transactions are set out in note 24.

11 Trustees and officers' insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy Trust business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2020 was £3,360 (2019: £2,382). The cost of this insurance is included in the total insurance cost.

12 Tangible fixed assets

	Land and buildings £'000	Computer equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
At 1 September 2019	6,340	369	94	6,803
Additions	-	10	5	15
At 31 August 2020	6,340	379	99	6,818
Depreciation				
At 1 September 2019	1,904	329	63	2,296
Charge for the year	243	28	10	281
At 31 August 2020	2,147	357	73	2,577
Net book value				
At 31 August 2020	4,193	22	26	4,241
At 31 August 2019	4,436	40	31	4,507

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

13 Debtors

	2020 £'000	2019 £'000
Trade debtors	44	23
VAT recoverable	-	69
Prepayments and accrued income	62	183
	<u>106</u>	<u>275</u>

14 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	234	228
Other taxation and social security	10	34
Other creditors	2	2
Accruals and deferred income (see note 15)	185	190
	<u>431</u>	<u>454</u>

15 Deferred income

	2020 £'000	2019 £'000
Deferred income is included within:		
Creditors due within one year	46	54
	<u>46</u>	<u>54</u>
Deferred income at 1 September 2019	54	61
Released from previous years	(54)	(61)
Resources deferred in the year	46	54
	<u>46</u>	<u>54</u>
Deferred income at 31 August 2020	46	54

At the balance sheet date the academy trust was holding funds received in advance in relation to unspent bursary income, rates and other grants.

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

16 Funds

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
Restricted general funds					
General Annual Grant (GAG)	-	2,637	(2,915)	278	-
Other DfE / ESFA grants	-	517	(517)	-	-
Other government grants	-	43	(43)	-	-
Other restricted funds	-	16	(16)	-	-
Pension reserve	(2,366)	-	(133)	(507)	(3,006)
	<u>(2,366)</u>	<u>3,213</u>	<u>(3,624)</u>	<u>(229)</u>	<u>(3,006)</u>
Restricted fixed asset funds					
Inherited on conversion	4,294	-	(240)	-	4,054
DfE group capital grants	64	13	(4)	-	73
Capital expenditure from GAG	95	-	(5)	15	105
	<u>4,453</u>	<u>13</u>	<u>(249)</u>	<u>15</u>	<u>4,232</u>
Total restricted funds	<u>2,087</u>	<u>3,226</u>	<u>(3,873)</u>	<u>(214)</u>	<u>1,226</u>
Unrestricted funds					
General funds	308	181	(182)	(293)	14
	<u>308</u>	<u>181</u>	<u>(182)</u>	<u>(293)</u>	<u>14</u>
Total funds	<u>2,395</u>	<u>3,407</u>	<u>(4,055)</u>	<u>(507)</u>	<u>1,240</u>

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

16 Funds (Continued)

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

General Annual Grant - General Annual Grant must be used for the normal running of the Academy. The funding agreement does not include a limit on the GAG available to carry forward.

Other DfE/ESFA grants and other government grants - must be used for their normal running of the Academy.

Pension reserve - The costs and income associated with the defined benefit pension scheme has been recorded in the restricted fund. Staff costs are paid from this fund including contributions to the LGPS, hence the pension liability has been aligned with these funds.

DfE group capital grant - The income relates to capital funding which has been received from the ESFA for utilisation on building improvements and refurbishment.

Transfer on conversion - The balance represents the assets transferred from the local authority on conversion to an academy and capital expenditure funded from GAG. Depreciation is charged to the fund over the life of the related assets.

Unrestricted funds - General funds can be used for any purpose, at the discretion of the trustees, within the objects of the academy trust.

Capital expenditure from GAG - The balance represents the total expenditure from GAG. Depreciation is charged to the fund over the life of the related assets.

Other restricted funds - Include all other income given with specific restrictions.

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

16 Funds (Continued)

Funds prior year

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General Annual Grant (GAG)	-	2,902	(3,146)	244	-
Other DfE / ESFA grants	-	350	(350)	-	-
Other government grants	-	63	(63)	-	-
Other restricted funds	-	21	(21)	-	-
Pension reserve	(1,549)	-	(146)	(671)	(2,366)
	<u>(1,549)</u>	<u>3,336</u>	<u>(3,726)</u>	<u>(427)</u>	<u>(2,366)</u>
Restricted fixed asset funds					
Transfer on conversion	4,543	-	(249)	-	4,294
DfE group capital grants	70	-	(6)	-	64
Capital expenditure from GAG	86	-	(5)	14	95
	<u>4,699</u>	<u>-</u>	<u>(260)</u>	<u>14</u>	<u>4,453</u>
Total restricted funds	<u>3,150</u>	<u>3,336</u>	<u>(3,986)</u>	<u>(413)</u>	<u>2,087</u>
Unrestricted funds					
General funds	523	277	(234)	(258)	308
	<u>523</u>	<u>277</u>	<u>(234)</u>	<u>(258)</u>	<u>308</u>
Total funds	<u>3,673</u>	<u>3,613</u>	<u>(4,220)</u>	<u>(671)</u>	<u>2,395</u>

17 Analysis of net assets between funds

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Fund balances at 31 August 2020 are represented by:				
Tangible fixed assets	28	-	4,213	4,241
Current assets	-	417	19	436
Creditors falling due within one year	(14)	(417)	-	(431)
Defined benefit pension liability	-	(3,006)	-	(3,006)
Total net assets	<u>14</u>	<u>(3,006)</u>	<u>4,232</u>	<u>1,240</u>

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

17 Analysis of net assets between funds (Continued)

	Unrestricted Funds £'000	Restricted funds: General £'000	Fixed asset £'000	Total Funds £'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	60	-	4,447	4,507
Current assets	248	454	6	708
Creditors falling due within one year	-	(454)	-	(454)
Defined benefit pension liability	-	(2,366)	-	(2,366)
Total net assets	308	(2,366)	4,453	2,395

18 Contingent liabilities

Berwick Academy acknowledges that a third party organisation asserts that a loan from them amounting to £60,000 exists as at 31 August 2020. No liability has been recognised on the Balance Sheet as at 31 August 2020 as Berwick Academy does not believe that this loan existed at the date of converting to an Academy or as at the period-end. In the view of the trustees, and depending on the outcome of discussion with the third party and on potential subsequent legal proceedings, it is possible but not probable that Berwick Academy may need to make payments to settle in whole or part.

19 Commitments under operating leases

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

	2020 £'000	2019 £'000
Amounts due within one year	6	7
Amounts due between one and five years	-	6
	6	13

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

20 Reconciliation of net expenditure to net cash flow from operating activities	2020	2019
	£'000	£'000
Net expenditure for the reporting period (as per the statement of financial activities)	(648)	(607)
Adjusted for:		
Capital grants from DfE and other capital income	(13)	(188)
Interest receivable	(1)	(3)
Defined benefit pension scheme costs less contributions payable	90	105
Defined benefit pension scheme finance cost	43	41
Depreciation of tangible fixed assets	281	292
Movements in working capital:		
Decrease/(increase) in debtors	89	(7)
(Decrease) in creditors	(23)	(118)
Net cash used in operating activities	(182)	(485)

21 Analysis of changes in net funds	1 September 2019	Cash flows	31 August 2020
	£'000	£'000	£'000
Cash	433	(103)	330

22 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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.

23 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 Northumberland County Council. Both are multi-employer defined benefit schemes.

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

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

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions 2014.

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

23 Pension and similar obligations (Continued)

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.

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI

As a result of the valuation, new employer contribution rates were set at 23.68% (including a 0.08% administration levy) of pensionable pay from September 2019 onwards (compared to 16.48% during 2019/20). The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to the TPS in the period amounted to £347,000 (2019: £250,000).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 20.5% for employers and 5.5 to 12.5% for employees.

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

Total contributions made	2020 £'000	2019 £'000
Employer's contributions	166	172
Employees' contributions	37	34
Total contributions	203	206

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

23 Pension and similar obligations (Continued)

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 August 2020 by a qualified independent actuary.

	2020 %	2019 %
Rate of increase in salaries	3.8	3.6
Rate of increase for pensions in payment/inflation	2.3	2.1
Discount rate for scheme liabilities	1.7	1.9
Inflation assumption (CPI)	2.3	2.1

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

	2020 Years	2019 Years
Retiring today		
- Males	21.8	21.9
- Females	25.0	23.8
Retiring in 20 years		
- Males	23.5	23.6
- Females	26.8	25.7

The Academy Trust's share of the assets in the scheme

	2020 Fair value £'000	2019 Fair value £'000
Equities	1,622	2,034
Gilts	73	576
Corporate bonds	694	227
Cash	58	9
Property	279	115
Other assets	306	153
Total fair value of assets	3,032	3,114

The actual return on scheme assets was £(156,000) (2019: £204,000).

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

23 Pension and similar obligations (Continued)

Amount recognised in the Statement of Financial Activities	2020 £'000	2019 £'000
Current service cost	256	181
Net interest cost	43	41
Plan introductions, changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	96
Total operating charge	<u>299</u>	<u>318</u>

Changes in the present value of defined benefit obligations	2020 £'000
At 1 September 2019	5,480
Current service cost	256
Interest cost	103
Employee contributions	37
Actuarial loss	291
Benefits paid	(129)
At 31 August 2020	<u>6,038</u>

Changes in the fair value of the Academy Trust's share of scheme assets	2020 £'000
At 1 September 2019	3,114
Interest income	60
Return on plan assets (excluding net interest on the net defined pension liability)	(216)
Employer contributions	166
Employee contributions	37
Benefits paid	(129)
At 31 August 2020	<u>3,032</u>

24 Related party transactions

All transactions involving related parties or connected parties are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures, except unless otherwise stated.

No related party transactions took place in the period of account, other than certain trustee's remuneration and expenses already disclosed in note 10.

Key management personnel compensation disclosure is included in note 9.

BERWICK ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

25 Agency arrangements

The Academy Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the trust received £11,809 and disbursed £24,007 from the fund. A balance of £19,517 (2019: £31,715) is included in accruals and deferred income relating to undistributed funds that is repayable to the ESFA.