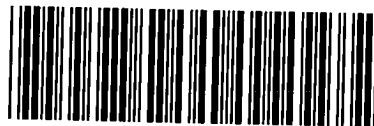


Company Registration Number: 08247528 (England and Wales)

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

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BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

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BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2018

Members The Diocese of Leicester Educational Trust
Reverend Philip Watson
Ellen Knights
Maggie Spence
Helen Williams
Pauline Clements

Trustees Maggie Spence, Chair¹
Ellen Knights, Vice Chair
Jason Browning Williams¹
David Coopey¹
Victoria Newman, Headteacher¹
Reverend Philip Watson
Helen Williams
Pauline Clements
Daniel Manley
Rachael Peace
Paul Bromiley

¹ Finance committee

**Company registered
number** 08247528

Company name Barwell Church of England Academy

**Principal and registered
office** High Street
Barwell
Leicestershire
LE9 8DS

**Senior management
team** Victoria Newman, Headteacher
Lisa Stewart, Deputy Head

Independent auditors Magma Audit LLP
Chartered Accountants
Unit 2, Charnwood Edge Business Park
Syston Road
Cossington
Leicester
LE7 4UZ

Bankers Lloyds Bank Plc
23 The Borough
Hinckley
Leicester
LE10 1NL

Solicitors Lee Bolton Monier-Williams
1 The Sanctuary
Westminster
London
SW1P 3JT

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2018

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

The Trust operates an Academy for pupils aged 7 to 11 serving a catchment area in Barwell. It has a pupil capacity of 268 and had a roll of 262 in the school census on 1 October 2017.

STRUCTURE, GOVERNANCE AND MANAGEMENT

● **Constitution**

The Academy Trust is a company limited by guarantee and was incorporated by a Memorandum of Association. The Academy has exempt charity status and its principal regulator is the Department for Education (DfE).

The Academy is constituted under a Memorandum of Association dated 10 October 2012.

The charitable company was incorporated on 10 October 2012. The school converted to Academy status on 1 November 2012 when its operations, assets and liabilities were transferred to the Academy from the Local Authority.

The Governors act as the Trustees for the charitable activities of Barwell Church of England Academy Trust and are also directors of the charitable company for the purposes of company law. The charitable company is known as Barwell Church of England Academy. Details of the Trustees who served through the year, except as noted, are included in the Reference and Administrative Details.

● **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**

Since the incorporation of the charitable company on 10 October 2012, the Trustees have been indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. The cover under the policy is £3 million and in the period under review the sum of £220 was paid.

● **Method of recruitment and appointment or election of Trustees**

The management of the Academy is the responsibility of the Trustees who are elected and/or co-opted under the terms of the Articles of Association.

The Members may appoint Staff Trustees through such process as they may determine. The Local Authority (LA) may appoint the LA Trustee. Parent Trustees shall be elected by parents of registered pupils at the Academy. The Trustees may appoint up to 2 co-opted Trustees.

The Trustees and Members are entitled to nominate one or more Trustees and the Chair talks to the nominee. Foundation Trustees are appointed by Leicester Diocesan Board. Staff Trustees are appointed by Staff election.

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

● **Policies and procedures adopted for the induction and training of Trustees**

Induction for new Trustees is tailored according to their experience and background. External Trustees are provided with information about the Academy by the clerk to Trustees with an induction pack. New Trustees requiring guidance on the roles of Trustees are provided with external training and through internal meetings and discussion with staff and other Trustees.

Other training for Trustees is provided as required through the Trustee training programme that is purchased through Leicestershire County Council.

● **Organisational structure**

Trustees are responsible for:

- Setting the vision, ethos and objectives for the Academy
- Approving strategic plans and monitoring and evaluating the performance of the Academy against these plans and objectives
- Approving the annual budget and ensuring the solvency of the Academy
- Ensuring that appropriate arrangements are in place to enable the Academy to meet statutory responsibilities
- Providing support and challenge to the leadership team of the Academy

To discharge their responsibilities effectively, the Governing Body have established a four sub-committee structure comprising Finance, Staffing, Health & Safety and Premises and Children & Curriculum Sub Committees.

The Senior Leadership Team is responsible to the Trustees for the implementation and monitoring of plans and policies, pupil safeguarding and education and the day to day operation of the Academy. They also provide advice to Trustees on a range of educational and business management functions.

The Trustees have approved a scheme of financial delegation that allows financial responsibilities to be delegated within appropriate limits to facilitate the effective running of the Academy.

● **Pay policy for key management personnel**

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

● **Connected organisations, including related party relationships**

The Academy works closely with its feeder infant school (Barwell Infant School) to ensure the pupils involved benefit from a smooth transition from Key Stage 1 to Key Stage 2. The Academy also works closely with its receiving high schools throughout the Hinckley area to ensure that pupils benefit from smooth transition from Key Stage 2 to Key Stage 3. The Academy works closely with the Earl Shilton and Barwell family of schools, working to improve standards of teaching and therefore learning for all pupils, monitoring performance and aiming for continuing excellence.

The Academy is a strategic partner within the Affinity Teaching School Alliance, benefiting from a range of collaborative professional development opportunities, and providing training and support for schools within the Alliance.

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

OBJECTIVES AND ACTIVITIES

● **Objects and aims**

Our mission statement is we want happy, confident, successful children.

At Barwell Church of England Academy our main aim is to ensure all pupils continue to develop into confident, capable and successful young people who are enabled to make the most of their skills and talents. We encourage and work with pupils so they can concentrate on their learning in an environment where they can work co-operatively. We value everyone's positive contribution and we have very high expectations of all pupils. We work hard to provide excellent teaching, to give clear guidance and to offer effective support. We believe everyone has the potential to learn and develop. We believe in recognising the individual learning needs of each pupil and personalising their experience accordingly. In tandem with this, we encourage a strong sense of community and responsibility for others. We work hard to ensure that all pupils at Barwell Church of England Academy achieve to the best of their ability.

In accordance with the Articles of Association the Academy has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things, the basis for admitting pupils to the Academy and that the curriculum should comply with the substance of the National Curriculum ensuring that the broad and balanced curriculum includes English, Mathematics and Science.

● **Objectives, strategies and activities**

The Academy's improvement plan is reviewed annually by the Trustees. The current plan has targets in the following areas:

- Teaching, learning and assessment
- Outcomes for pupils
- Personal development, behaviour and welfare
- Leadership and management
- Premises and health & safety

● **Public benefit**

Public benefit

The Trustees note and acknowledge their responsibilities for the advancement of education for public benefit as set out in the guidance from the Charity Commission. The Articles of Association and Funding Agreement provide details of the structure for the day to day operation of the Academy in accordance with these guidelines.

We have also advanced the education for public benefit by:

- Providing a programme of extra curricular activities for pupils
- Making our site available for adult learning activities at nominal cost
- Making our playing field facilities available outside of school hours for community sport and recreational activities.

The Academy's Trustees have complied with their duty to have regard to the guidance on public benefit published by the Charity Commission.

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

STRATEGIC REPORT

● **Key performance indicators**

- Pupils continue to make at least good and often outstanding progress throughout each year group
- Pupils are tracked throughout the year and pupil progress meetings are held termly to track progress
- Year group leaders are responsible for the progress of all children in their year group
- All subject leaders monitor the progress of groups of children in their subjects
- At the end of KS2 outcomes are in line with national outcomes or higher.
- Progress across KS2 is in line with national outcomes.
- We are working hard to close the gap between disadvantaged children and non disadvantaged.
- Social and emotional needs are exceptionally well met.

In 2017/18 the Academy set deficit budget carrying forward deficit into 2018/19. The staffing levels set at the start of the year were reduced.

● **Going concern**

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

FINANCIAL REVIEW

● **Financial review**

The Academy had a net decrease in funds for the year ended 31 August 2018 of £56,067 including fixed asset movements but excluding pension reserve movements. As at 31 August 2018 the Academy held £178,061 of unrestricted reserves plus £52,152 of unspent (non-fixed asset) restricted funds. The Academy therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves of £230,213.

The Academy Trust had a pension deficit on their Local Government Pension Scheme of £666,000 at 31 August 2018 and a fixed asset reserve of £121,380.

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

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

The Academy's investment policy is only to hold cash reserves on deposit with major holding banks so as to minimise risk.

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

● **Reserves policy**

The Trustees have developed a reserves policy for the school which is reviewed at least annually. The Academy needs to hold reserves to allow for contingencies such as unfunded building repairs, unexpected staffing costs and to allow for some uncertainty in future government funding. The Trustees have determined that the appropriate level of free reserves, which it considers to be unrestricted funds plus unspent General Annual Grant (GAG), should be approximately 10% of the annual budget, being approximately £125,000.

Actual free reserves plus unspent GAG as at 31 August 2018 were £223,401, being approximately £100,000 higher than the target level set by the Trustees. This excess will be used to support future building works and to contribute towards the future in-year deficits forecast for the next 3 financial years. The Academy also held other available restricted funds at the year end of £6,812 mainly in relation to PE Sport Grant plus other donations detailed in note 18. Total available reserves, being both the above figures at 31 August 2018 were £230,213. Cash at bank at 31 August 2018 was £50,841 higher than total available reserves due principally to invoices for costs relating to the period paid after the year end.

At 31 August 2018 the Academy's fixed asset reserve of £121,380 represented funds which could only be realised if the assets were sold.

The only reserve in deficit at the year end was the pension reserve (deficit of £666,000) which will be addressed via contribution rates decided on from time to time by the pension scheme actuaries. This deficit has arisen, as with many other schemes of this type, mainly due to increased life expectancies and reduced investment returns.

● **Material investments policy**

The Academy's investment policy is only to hold cash reserves on deposit with major holding banks so as to minimise risk. Available rates are reviewed from time to time and where returns are judged sufficient to more than offset the administrative cost of managing deposit funds, such accounts may be used.

● **Principal risks and uncertainties**

The principal risk facing the Academy is insufficient demand for Academy's services leaving it unsustainable. This would lead to a decrease in the grant funding received and the necessity to reorganise the Academy to ensure it could remain with a balanced budget or a plan to get out of a deficit. Pupil numbers are monitored and a 5 year plan has been drawn up to ensure the situation is considered fully by the senior leadership team and Trustees. A comprehensive risk register is in place and is monitored regularly by the Trustees to ensure that risks are treated or tolerated depending on the urgency of the risk.

At Barwell Church of England Academy approximately 90% of income is grant driven and therefore there is minimal risk to credit, cash flow and liquidity. The greatest risk is a reduction in this grant funding due to legislative changes or to an unforeseen drop in pupil numbers that would lead to a decrease in funding received. A comprehensive risk register with actions is in place to monitor such risks.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those related to the operations and finances of the Academy, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. A comprehensive risk register with actions is in place to monitor such risks. This will be reviewed regularly and more formally annually.

At 31 August 2018 the pension deficit on the Local Government Pension Scheme stood at £666,000 (2017: £738,000). The Academy has mitigated its risk in relation to this pension scheme by taking out insurance against early retirement on the grounds of ill health. Changes in contributions rates as decided upon by the actuaries of the scheme are budgeted for as soon as they are known when they are updated every three years.

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

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2018

● **Fundraising**

Fundraising has been limited to small events held to raise funds for external charities, such as Sports relief; World Book Day and Non Uniform day. These funds are paid across in full to the nominated charities.

PLANS FOR FUTURE PERIODS

● **Future developments**

We shall continue to bid for grant funding from the CIF (Condition Improvement Fund) to ensure that our buildings remain well maintained and fit for purpose.

We expect key members of staff to be involved in providing support beyond the school. The funds generated through this work will be ploughed back into the staffing budget to ensure that we have the capacity to manage the absence of senior team members without detriment to children's education or staff well being and morale.

Funds held as custodian

There are no assets and arrangements for safe custody and segregation where the Academy Trust or its Trustees are acting as custodian trustee.

Disclosure of information to auditors

Insofar as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Auditors

The auditors, Magma Audit LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' report was approved by order of the board of trustees, as the company directors, on 27 November 2018 and signed on its behalf by:



Maggie Spence
Chair of Trustees



Victoria Newman
Accounting Officer / Headteacher

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Barwell Church of England 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 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
Maggie Spence, Chair	4	4
Ellen Knights, Vice Chair	4	4
Jason Browning Williams	4	4
David Coopey	4	4
Victoria Newman, Headteacher	4	4
Reverend Philip Watson	4	4
Helen Williams	2	4
Pauline Clements	4	4
Daniel Manley	2	4
Rachael Peace	4	4
Paul Bromiley	4	4

Changes in the composition of the Board are indicated on page 1 of the financial statements and all were of a routine nature.

The Board's work was typical for a junior academy trust of its size and type, focusing on the improvement and maintenance of educational standards and on financial and general management. There were no unusual matters worthy of note dealt with by the Trustees during their work.

Governance reviews

The findings of the annual review carried out during the year to 31 August 2018 were that no changes were necessary. The Board of Trustees intends to conduct another self evaluation review during the forthcoming year. Challenges encountered have been of routine nature concerning finances, staff management and educational standards.

The quality of the data flowing to the Board is considered acceptable by Trustees based on their experience, their own observations, enquiries and judgements.

The Finance Committee is a sub-committee of the Governing Body. Its purpose is to (in consultation with the Headteacher and Business Manager) draft the first formal budget plan of the financial year, establish and maintain an up to date 3 year financial plan, monitor and forecast relevant income and expenditure for all areas (having a whole school perspective on the budget) reporting significant anomalies, check the budget for accuracy and completeness, ensure the school operates within its Financial Regulations and the direction of the Education and Skills Funding Agency, annually review charges, remissions and expenses policies, to approve and make decisions in respect of service agreements, approve and make decisions on expenditure following recommendations from other committees, review and update policies relating to financial matters.

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Maggie Spence, Chair	4	4
David Coopey	4	4
Victoria Newman, Headteacher	4	4
Jason Browning Williams	4	4

Review of Value for Money

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

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

- Benchmarking against similar schools
- Monitoring of costs and income against budget

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy 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 Barwell Church of England Academy for the year 1 September 2017 to 31 August 2018 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 is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2017 to 31 August 2018 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 board of trustees;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

The board of trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council as internal auditor.

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

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

- testing of payroll systems
- the work of the internal auditor;
- the work of the external auditors;

On an annual basis, the auditor reports to the board of trustees through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The latest internal audit visit was June 2018. No material control issues were identified as a result of the internal auditor's review work.

Review of Effectiveness

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance 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 27 November 2018 and signed on their behalf, by:

M. Spence

Maggie Spence
Chair of Trustees

N. J. Newman

Victoria Newman
Accounting Officer

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Barwell Church of England Academy I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

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 2017.

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.



Victoria Newman
Accounting Officer

Date: 27 November 2018

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2018

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 Annual Accounts Direction issued 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 of the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 27 November 2018 and signed on its behalf by:



Maggie Spence
Chair of Trustees

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BARWELL CHURCH OF ENGLAND ACADEMY**

Opinion

We have audited the financial statements of Barwell Church of England Academy (the 'Academy') for the year ended 31 August 2018 which comprise the statement of financial activities incorporating income and expenditure account, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BARWELL CHURCH OF ENGLAND ACADEMY**

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the strategic report for which the financial statements are prepared is consistent with the financial statements.
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BARWELL CHURCH OF ENGLAND ACADEMY**

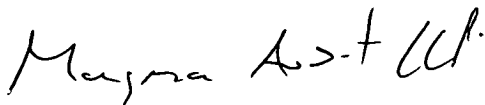
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the 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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Magma Audit LLP

Chartered Accountants
Statutory Auditors

Unit 2, Charnwood Edge Business Park
Syston Road
Cossington
Leicester
LE7 4UZ

Date:

06/12/18.

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO BARWELL
CHURCH OF ENGLAND ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 22 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Barwell Church of England Academy during the year 1 September 2017 to 31 August 2018 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 Barwell Church of England Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Barwell Church of England Academy and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Barwell Church of England Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Barwell Church of England Academy's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Barwell Church of England Academy's funding agreement with the Secretary of State for Education dated 10 October 2012, and the Academies Financial Handbook extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- On a sample basis testing transactions and balances.
- Making enquiries of the academy regarding systems and controls in place that are relevant to our regularity conclusion.
- On a sample basis reviewing records for evidence of those systems and controls in operation.

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON REGULARITY TO BARWELL
CHURCH OF ENGLAND ACADEMY 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 year 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Magma Audit LLP.

Reporting Accountant

Magma Audit LLP

Unit 2, Charnwood Edge Business Park
Syston Road
Cossington
Leicester
LE7 4UZ

Date: *06/12/18.*

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
INCOME FROM:						
Donations and capital grants	2	-	-	6,948	6,948	19,909
Charitable activities	3	-	1,160,433	-	1,160,433	1,168,911
Other trading activities	4	23,813	-	-	23,813	18,052
Investments	5	153	-	-	153	226
TOTAL INCOME		23,966	1,160,433	6,948	1,191,347	1,207,098
EXPENDITURE ON:						
Raising funds		16,438	-	-	16,438	17,082
Charitable activities		-	1,266,964	46,012	1,312,976	1,283,415
TOTAL EXPENDITURE	6	16,438	1,266,964	46,012	1,329,414	1,300,497
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS						
Transfers between funds	18	7,528	(106,531)	(39,064)	(138,067)	(93,399)
		-	(17,808)	17,808	-	-
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES						
		7,528	(124,339)	(21,256)	(138,067)	(93,399)
Actuarial gains on defined benefit pension schemes	22	-	154,000	-	154,000	16,000
NET MOVEMENT IN FUNDS		7,528	29,661	(21,256)	15,933	(77,399)
RECONCILIATION OF FUNDS:						
Total funds brought forward		170,533	(643,509)	142,636	(330,340)	(252,941)
TOTAL FUNDS CARRIED FORWARD		178,061	(613,848)	121,380	(314,407)	(330,340)

The notes on pages 21 to 43 form part of these financial statements.

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 08247528

BALANCE SHEET
AS AT 31 AUGUST 2018

	Note	£	2018 £	2017 £
FIXED ASSETS				
Tangible assets	13		121,380	142,636
CURRENT ASSETS				
Stocks	14	3,291	7,435	
Debtors	15	44,166	46,430	
Cash at bank and in hand		281,054	301,338	
		<u>328,511</u>	<u>355,203</u>	
CREDITORS: amounts falling due within one year	16	<u>(79,923)</u>	<u>(90,179)</u>	
NET CURRENT ASSETS			<u>248,588</u>	<u>265,024</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>369,968</u>	<u>407,660</u>
CREDITORS: amounts falling due after more than one year	17		<u>(18,375)</u>	<u>-</u>
NET ASSETS EXCLUDING PENSION SCHEME LIABILITIES			<u>351,593</u>	<u>407,660</u>
Defined benefit pension scheme liability	22		<u>(666,000)</u>	<u>(738,000)</u>
NET LIABILITIES INCLUDING PENSION SCHEME LIABILITIES			<u><u>(314,407)</u></u>	<u><u>(330,340)</u></u>
FUNDS OF THE ACADEMY				
Restricted funds:				
Restricted income funds	18	52,152	94,491	
Fixed asset fund	18	121,380	142,636	
Restricted funds excluding pension liability		<u>173,532</u>	<u>237,127</u>	
Pension reserve		<u>(666,000)</u>	<u>(738,000)</u>	
Total restricted funds			<u>(492,468)</u>	<u>(500,873)</u>
Unrestricted income funds	18		<u>178,061</u>	<u>170,533</u>
TOTAL DEFICIT			<u><u>(314,407)</u></u>	<u><u>(330,340)</u></u>

The financial statements on pages 18 to 43 were approved by the Trustees, and authorised for issue, on 27 November 2018 and are signed on their behalf, by:

M. Spence

Maggie Spence
Chair of Trustees

The notes on pages 21 to 43 form part of these financial statements.

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Net cash used in operating activities	20	<u>(22,574)</u>	<u>(44,592)</u>
Cash flows from investing activities:			
Interest received		153	226
Loss on the sale of tangible assets		6,063	-
Purchase of tangible assets		(30,819)	(57,910)
Capital grants from DfE Group and other capital income		6,948	19,179
Net cash used in investing activities		<u>(17,655)</u>	<u>(38,505)</u>
Cash flows from financing activities:			
Repayments of borrowings		(1,055)	(4,218)
Cash inflows from new borrowing		21,000	-
Net cash provided by/(used in) financing activities		<u>19,945</u>	<u>(4,218)</u>
Change in cash and cash equivalents in the year		(20,284)	(87,315)
Cash and cash equivalents at 1 September 2017		<u>301,338</u>	<u>388,653</u>
Cash and cash equivalents at 31 August 2018	21	<u>281,054</u>	<u>301,338</u>

The notes on pages 21 to 43 form part of these financial statements.

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES

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

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Barwell Church of England Academy constitutes a public benefit entity as defined by FRS 102.

1.2 FUND ACCOUNTING

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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

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

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

All income is recognised once the Academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the statement of financial activities incorporating income and expenditure account 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 entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities incorporating income and expenditure account 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donated fixed assets are 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.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Where assets are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the Balance sheet at the point when the risk and rewards of ownership pass to the trust. An equal amount of income is recognised as a transfer on conversion within income from donations and capital grants.

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE

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

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

Expenditure on charitable activities are costs incurred on the Academy's educational operations, including support costs and those costs relating to the governance of the Academy appointed to charitable activities.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

1.5 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy 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.

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 are capitalised 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 incorporating income and expenditure account 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 incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

Furniture and fixtures	- 15% Straight line
Computer equipment	- 25% Straight line

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 incorporating income and expenditure account.

1.7 LEASING AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Academy. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the statement of financial activities incorporating income and expenditure account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.8 OPERATING LEASES

Rentals under operating leases are charged to the statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.9 STOCKS

Classroom consumables, unsold uniforms and catering stocks are valued at the lower of cost and net realisable value.

1.10 CASH AT BANK AND IN HAND

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

1.11 LIABILITIES AND PROVISIONS

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

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

1. ACCOUNTING POLICIES (continued)

1.12 FINANCIAL INSTRUMENTS

The Academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy and their measurement 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 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised costs as detailed in notes 16 and 17. 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 instruments.

1.13 TAXATION

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

Accordingly, the Academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

1.14 PENSIONS

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. The TPS is therefore 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 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 incorporating income and expenditure account 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.

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

1. ACCOUNTING POLICIES (continued)

1.15 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

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

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.

Defined benefit pension scheme

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 22, 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 2018. 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.

Tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 13 for the carrying amount of the property, plant and equipment, and note 1.6 for the useful economic lives for each class of assets.

2. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £	Total funds 2017 £
Donations	-	-	-	-	730
Capital Grants	-	-	6,948	6,948	19,179
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	6,948	6,948	19,909
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total 2017	-	730	19,179	19,909	
	<hr/>	<hr/>	<hr/>	<hr/>	

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

3. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,009,365	1,009,365	1,022,470
Other DfE Group grants	-	113,251	113,251	111,851
	-	1,122,616	1,122,616	1,134,321
Other government grants				
Local Authority grants	-	37,817	37,817	34,590
	-	37,817	37,817	34,590
	-	1,160,433	1,160,433	1,168,911
Total 2017	-	1,168,911	1,168,911	

4. OTHER TRADING ACTIVITIES

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Consultancy income	3,000	-	3,000	480
Children's Centre income	9,248	-	9,248	8,126
After school clubs	7,045	-	7,045	4,626
Other income	4,520	-	4,520	4,820
	23,813	-	23,813	18,052
Total 2017	18,052	-	18,052	

5. INVESTMENT INCOME

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total funds 2017 £
Bank interest	153	-	153	226
Total 2017	226	-	226	

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

6. EXPENDITURE

	Staff costs 2018 £	Premises 2018 £	Other costs 2018 £	Total 2018 £	Total 2017 £
Expenditure on raising funds					
Direct costs	-	-	-	-	-
Support costs	12,497	-	3,941	16,438	17,082
Educational Operations:					
Direct costs	882,490	34,509	73,953	990,952	982,472
Support costs	156,368	80,483	85,173	322,024	300,943
	<u>1,051,355</u>	<u>114,992</u>	<u>163,067</u>	<u>1,329,414</u>	<u>1,300,497</u>
Total 2017	<u>991,739</u>	<u>103,543</u>	<u>205,215</u>	<u>1,300,497</u>	

BARWELL CHURCH OF ENGLAND ACADEMY
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

7. CHARITABLE ACTIVITIES

	Total funds 2018 £	Total funds 2017 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs - salaries	645,004	611,249
Teaching and educational support staff costs - NI	53,703	49,797
Teaching and educational support staff costs - pensions	181,995	163,560
LGPS pension interest cost (£44,000) less return on assets (£25,000)	19,000	15,000
Educational supplies	46,619	48,376
Staff development	8,465	15,882
Other direct costs	1,657	46,441
Depreciation	34,509	32,168
	<u>990,952</u>	<u>982,473</u>
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff costs - salaries	121,091	121,348
Support staff costs - NI	8,171	8,375
Support staff costs - pensions	27,106	26,339
Recruitment	232	70
Maintenance of premises and equipment	21,729	13,622
Cleaning	2,842	3,827
Rates	8,773	8,136
Insurance	19,570	22,619
Depreciation	11,503	10,721
Catering	13,762	12,372
Loss on disposal of tangible fixed assets	6,063	-
Other support costs	43,722	40,977
Security and transport	1,385	2,940
Technology costs	7,609	7,823
Energy costs	16,066	12,450
Governance	12,400	9,323
	<u>322,024</u>	<u>300,942</u>
	<u><u>1,312,976</u></u>	<u><u>1,283,415</u></u>

8. EXPENDITURE - ANALYSIS OF SPECIFIC EXPENSES

Included within expenditure are the following transactions:

	Total £	Individual items above £5,000 Amount £	Reason
Fixed asset losses	6,063	6,063	Loss due to an operating lease ceasing which was judged to be a finance lease

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9. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets:		
- capitalised by the charity	46,012	42,889
Loss on disposal of tangible assets	6,063	-
Auditors' remuneration - audit	6,750	5,723
Auditors' remuneration - other services	4,400	2,350
Operating lease rentals	2,782	-
	<u>106,007</u>	<u>51,012</u>

10. STAFF COSTS

a. Staff costs

Staff costs were as follows:

	2018 £	2017 £
Wages and salaries	776,277	743,668
Social security costs	62,499	58,172
Pension costs	210,792	189,899
	<u>1,049,568</u>	<u>991,739</u>
Agency staff costs	1,787	-
	<u>1,051,355</u>	<u>991,739</u>

b. Staff numbers

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

	2018 No.	2017 No.
Teachers	14	14
Administration and support	26	28
Management	1	1
	<u>41</u>	<u>43</u>

No employee received remuneration amounting to more than £60,000 in either year.

c. 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 £216,396 (2017: £223,349). These figures include salary costs of all Trustees employed by the academy trust, even where they have no management role within their employment.

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NOTES TO THE FINANCIAL STATEMENTS
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11. TRUSTEES' REMUNERATION AND EXPENSES

One or more Trustees has been paid remuneration from an 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 other staff members under their contracts of employment, and not in respect of their role as Trustees.

The value of Trustees' remuneration was as follows:

Victoria Newman (Headteacher and Trustee)

Remuneration £55,000 - £60,000 (2017: £55,000 - £60,000)

Employer's pension contributions £5,000 - £10,000 (2016: £5,000 - £10,000)

Rachael Peace (Staff Trustee)

Remuneration £25,000 - £30,000 (2017: £20,000 - £25,000)

Employer's pension contributions £5,000 - £10,000 (2016: £0 - £5,000)

Helen Williams (Staff Trustee)

Remuneration £0 - £5,000 (2017: £5,000 - £10,000)

Employer's pension contributions £0 - £5,000 (2015: £0 - £5,000)

Daniel Manley (Staff Trustee)

Remuneration £35,000 - £40,000 (2017: £30,000 - £35,000)

Employer's pension contributions £5,000 - £10,000 (2017: £5,000 - £10,000)

During the year, no Trustees received any benefits in kind (2017 - £NIL).

During the year ended 31 August 2018, no Trustees received any reimbursement of expenses (2017 - £NIL).

12. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2018 was £220 (2017 - £331).

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13. TANGIBLE FIXED ASSETS

	Furniture and fixtures £	Plant and equipment £	Total £
COST			
At 1 September 2017	215,037	60,932	275,969
Additions	26,091	4,728	30,819
Disposals	(21,088)	-	(21,088)
At 31 August 2018	<u>220,040</u>	<u>65,660</u>	<u>285,700</u>
DEPRECIATION			
At 1 September 2017	92,698	40,635	133,333
Charge for the year	33,006	13,006	46,012
On disposals	(15,025)	-	(15,025)
At 31 August 2018	<u>110,679</u>	<u>53,641</u>	<u>164,320</u>
NET BOOK VALUE			
At 31 August 2018	<u>109,361</u>	<u>12,019</u>	<u>121,380</u>
At 31 August 2017	<u>122,339</u>	<u>20,297</u>	<u>142,636</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2018 £	2017 £
Furniture, fittings and equipment	<u>-</u>	<u>6,063</u>

See note 1.3 regarding assets transferred on conversion.

14. STOCKS

	2018 £	2017 £
Classroom and other materials	<u>3,291</u>	<u>7,435</u>

15. DEBTORS

	2018 £	2017 £
DUE WITHIN ONE YEAR		
Trade debtors	2,499	839
VAT recoverable	5,135	4,665
Prepayments and accrued income	36,532	40,926
	<u>44,166</u>	<u>46,430</u>

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16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Other loans	2,625	-
Net obligations under finance leases and hire purchase contracts	-	1,055
Trade creditors	1,200	-
Other taxation and social security	15,097	15,541
Other creditors	20,898	20,291
Accruals and deferred income	40,103	53,292
	<u>79,923</u>	<u>90,179</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £	2017 £
Other loans	18,375	-
	<u>18,375</u>	<u>-</u>

Included within the above are amounts falling due as follows:

	2018 £	2017 £
BETWEEN ONE AND TWO YEARS		
Other loans	2,625	-
	<u>2,625</u>	<u>-</u>
BETWEEN TWO AND FIVE YEARS		
Other loans	7,875	-
	<u>7,875</u>	<u>-</u>
OVER FIVE YEARS		
Other loans	7,875	-
	<u>7,875</u>	<u>-</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2018 £	2017 £
Repayable by instalments	7,875	-
	<u>7,875</u>	<u>-</u>

Other loans consists of Salix loans for energy saving capital works as approved by the Education and Skills Funding Agency. The loans are interest free and repayable as indicated.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS

	Balance at 1 September 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2018 £
UNRESTRICTED FUNDS						
General Funds	170,533	23,966	(16,438)	-	-	178,061
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	65,286	1,009,365	(1,011,503)	(17,808)	-	45,340
Pupil premium	27,420	94,631	(122,051)	-	-	-
Other DfE Group grants	-	18,620	(13,575)	-	-	5,045
Other restricted donations	1,785	-	(18)	-	-	1,767
Other government grants	-	37,817	(37,817)	-	-	-
Pension reserve	(738,000)	-	(82,000)	-	154,000	(666,000)
	<u>(643,509)</u>	<u>1,160,433</u>	<u>(1,266,964)</u>	<u>(17,808)</u>	<u>154,000</u>	<u>(613,848)</u>
RESTRICTED FIXED ASSET FUNDS						
DfE Group capital grants	59,384	6,948	(18,998)	-	-	47,334
Transfer from Local Authority	2,388	-	(1,303)	-	-	1,085
Other donations	26,817	-	(6,172)	-	-	20,645
Capital expenditure from GAG	54,047	-	(19,539)	17,808	-	52,316
	<u>142,636</u>	<u>6,948</u>	<u>(46,012)</u>	<u>17,808</u>	<u>-</u>	<u>121,380</u>
Total restricted funds	<u>(500,873)</u>	<u>1,167,381</u>	<u>(1,312,976)</u>	<u>-</u>	<u>154,000</u>	<u>(492,468)</u>
Total of funds	<u>(330,340)</u>	<u>1,191,347</u>	<u>(1,329,414)</u>	<u>-</u>	<u>154,000</u>	<u>(314,407)</u>

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

Restricted funds

The General Annual Grant (GAG) relates to the school's development and operational activities.

Pupil Premium relates to additional funding received to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers.

The other DfE Group grants consist of PE Sport Grant. The closing balance relates to funds not spent at the year end.

Other restricted donations consist of £1,720 for gifted and talented pupils and £65 for The Poors Platt Charity.

Other government grants include Special Educational Needs Additional Allowance (SENA) which is funding for students with statements of special needs and used by the Academy to assist with the pupils' education. All funds have been spent in full within the year.

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NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

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

Restricted fixed asset funds

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

The transfer from local authority relates to the value of moveable assets transferred from the local authority to the academy on conversion less depreciation charged to date.

Other donations consist of a donation from Leicestershire County Council in a previous year towards the purchase of fire doors to reduce insured risk of material damage, new dining tables and hard landscaping to the rear of the school. The closing balance relates to the net book value of the assets concerned at the year end.

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

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2018.

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**NOTES TO THE FINANCIAL STATEMENTS
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18. STATEMENT OF FUNDS (continued)

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 September 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2017 £
GENERAL FUNDS						
General Funds	169,337	18,278	(17,082)	-	-	170,533
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	82,873	1,022,470	(1,001,326)	(38,731)	-	65,286
Pupil premium	35,625	102,576	(110,781)	-	-	27,420
Other DfE Group grants	15,324	15,275	(30,599)	-	-	-
Other restricted donation	1,285	730	(230)	-	-	1,785
Other government grants	-	28,590	(28,590)	-	-	-
Pension reserve	(685,000)	-	(69,000)	-	16,000	(738,000)
	<u>(549,893)</u>	<u>1,169,641</u>	<u>(1,240,526)</u>	<u>(38,731)</u>	<u>16,000</u>	<u>(643,509)</u>
RESTRICTED FIXED ASSET FUNDS						
DfE Group capital grants	76,563	6,869	(12,782)	34,959	-	105,609
Transfer from Local Authority	4,111	-	(1,723)	-	-	2,388
Other donations	7,281	12,310	(4,562)	3,772	-	18,801
Capital expenditure from GAG	39,660	-	(23,822)	-	-	15,838
	<u>127,615</u>	<u>19,179</u>	<u>(42,889)</u>	<u>38,731</u>	<u>-</u>	<u>142,636</u>
Total restricted funds	<u>(422,278)</u>	<u>1,188,820</u>	<u>(1,283,415)</u>	<u>-</u>	<u>16,000</u>	<u>(500,873)</u>
Total of funds	<u>(252,941)</u>	<u>1,207,098</u>	<u>(1,300,497)</u>	<u>-</u>	<u>16,000</u>	<u>(330,340)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2018 £	Restricted funds 2018 £	Restricted fixed asset funds 2018 £	Total funds 2018 £
Tangible fixed assets	-	-	121,380	121,380
Current assets	178,061	150,450	-	328,511
Current liabilities	-	(79,923)	-	(79,923)
Creditors due in more than one year	-	(18,375)	-	(18,375)
Pension scheme liability	-	(666,000)	-	(666,000)
	<u>178,061</u>	<u>(613,848)</u>	<u>121,380</u>	<u>(314,407)</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Restricted fixed asset funds 2017 £	Total funds 2017 £
Tangible fixed assets	-	-	142,636	142,636
Current assets	170,533	184,670	-	355,203
Current liabilities	-	(90,179)	-	(90,179)
Pension scheme liability	-	(738,000)	-	(738,000)
	<u>170,533</u>	<u>(643,509)</u>	<u>142,636</u>	<u>(330,340)</u>

20. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2018 £	2017 £
Net expenditure for the year (as per Statement of Financial Activities)	(138,067)	(93,399)
Adjustment for:		
Depreciation charges	46,012	42,889
Interest receivable	(153)	(226)
Decrease in stocks	4,144	4,236
Decrease/(increase) in debtors	2,264	(2,080)
Decrease in creditors	(11,826)	(45,833)
Capital grants from DfE and other capital income	(6,948)	(19,179)
Defined benefit pension scheme cost less contributions payable	63,000	54,000
Defined benefit pension scheme finance cost	19,000	15,000
Net cash used in operating activities	<u>(22,574)</u>	<u>(44,592)</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2018 £	2017 £
Cash in hand	<u>281,054</u>	<u>301,338</u>
Total	<u><u>281,054</u></u>	<u><u>301,338</u></u>

22. PENSION COMMITMENTS

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

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

Contributions amounting to £17,146 were payable to the schemes at 31 August 2018 (2017 - £16,467) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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**NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

The employer's pension costs paid to TPS in the period amounted to £74,422 (2017 - £68,293).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £92,000 (2017 - £86,000), of which employer's contributions totalled £73,000 (2017 - £68,000) and employees' contributions totalled £19,000 (2017 - £18,000). The agreed contribution rates for future years are 23.4 - 24.4% for employers and 5.5 - 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.

Principal actuarial assumptions:

	2018	2017
Discount rate for scheme liabilities	2.80 %	2.50 %
Rate of increase in salaries	3.40 %	3.40 %
Rate of increase for pensions in payment / inflation	2.40 %	2.40 %
Inflation assumption (CPI)	2.40 %	2.40 %
Commutation of pensions to lump sums	50.00 %	50.00 %

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

	2018	2017
Retiring today		
Males	22.1	22.1
Females	24.3	24.3
Retiring in 20 years		
Males	23.8	23.8
Females	26.2	26.2

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**NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

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

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	673,000	644,000
Bonds	293,000	192,000
Property	98,000	77,000
Cash	22,000	48,000
	<hr/>	<hr/>
Total market value of assets	1,086,000	961,000
	<hr/>	<hr/>

The actual return on scheme assets was £47,000 (2017 - £20,000).

Expected returns on assets are calculated as follows:-

The figures shown in the standard FRS102 report for fund employers are based on the actuary's recommended return assumptions which are derived from the Hymans Robertson Asset Model (HRAM), the proprietary stochastic asset model developed and maintained by Hymans Robertson LLP.

Asset model

The HRAM type of model is known as an economic scenario generator and uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. Some of the parameters of the model are dependent on the current state of financial markets and are updated each month (for example, the current level of equity market volatility) while other more subjective parameters do not change with different calibrations of the model.

Key subjective assumptions are:

- the average excess equity return over the risk free asset (tending to approximately 3% p.a. as the investment horizon is increased),
- the volatility of equity returns (approximately 18% p.a. over the long term) and the level and volatility of yields, credit spreads, inflation and expected (breakeven) inflation, which affect the projected value placed on the liabilities and bond returns.
- the output of the model is also affected by other more subtle effects, such as the correlations between economic and financial variables.

The only exception to the use of HRAM is in deriving the expected return on bond assets: instead of the HRAM output, the actuary has used the yields applicable at the accounting date on suitable bond indices.

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 September 2017 for the year to 31 August 2018, or date of joining the fund if later).

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**NOTES TO THE FINANCIAL STATEMENTS
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22. PENSION COMMITMENTS (continued)

The amounts recognised in the statement of financial activities incorporating income and expenditure account are as follows:

	2018 £	2017 £
Current service cost	(136,000)	(122,000)
Interest income	25,000	20,000
Interest cost	(44,000)	(35,000)
	<hr/>	<hr/>
Total	(155,000)	(137,000)
	<hr/>	<hr/>

Movements in the present value of the defined benefit obligation were as follows:

	2018 £	2017 £
Opening defined benefit obligation	1,699,000	1,594,000
Current service cost	136,000	122,000
Interest cost	44,000	35,000
Employee contributions	19,000	18,000
Actuarial gains	(132,000)	(53,000)
Benefits paid	(14,000)	(17,000)
	<hr/>	<hr/>
Closing defined benefit obligation	1,752,000	1,699,000
	<hr/>	<hr/>

Movements in the fair value of the Academy's share of scheme assets:

	2018 £	2017 £
Opening fair value of scheme assets	961,000	909,000
Interest income	25,000	20,000
Actuarial losses/(gains)	22,000	(37,000)
Employer contributions	73,000	68,000
Employee contributions	19,000	18,000
Benefits paid	(14,000)	(17,000)
	<hr/>	<hr/>
Closing fair value of scheme assets	1,086,000	961,000
	<hr/>	<hr/>

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions as at 31 August 2018:

	Approximate % increase to Employer Liability	Approximate monetary amount
0.5% decrease in Real Discount Rate	13%	221,000
0.5% increase in the Salary Increase Rate	2%	43,000
0.5% increase in the Pension Increase Rate	10%	174,000

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NOTES TO THE FINANCIAL STATEMENTS
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23. OPERATING LEASE COMMITMENTS

At 31 August 2018 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2018 £	2017 £
AMOUNTS PAYABLE:		
Within 1 year	5,564	-
Between 1 and 5 years	19,474	-
Total	<u>25,038</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2018**

24. 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 Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the academy's financial regulations and normal procurement procedures relating to connected and related party transactions.

Expenditure Related Party Transaction

The school entered into a collaboration agreement with Discovery Schools Academy Trust (DSAT) starting on 1 April 2015. Services provided include: educational support; human resources; legal services and others. The agreement was for a fixed term of 3 years, expiring on 1 April 2018. The agreement was terminated with effect from 1 September 2017. The annual cost commitment for the 3 year term was 5% of General Annual Grant (GAG) per year. The costs of this collaboration agreement for the period 1 September 2017 to 31 August 2018 were £Nil (2017: £46,441). Maggie Spence (Chair of Governors) is a Non-executive Director of DSAT.

- Total purchases from DSAT amounted to £Nil (2017: £56,368). The balance outstanding at 31 August 2018 amounted to £Nil (2017: £Nil)
- Sales to DSAT amounted to £Nil (2017: £Nil). Included within trade debtors is £Nil owed by DSAT (2017: £Nil)

Helen Williams (Staff Trustee) has the following interests:

- The academy purchased clothing from Graphics To Go totalling £599 (2017: £475). Helen Williams' is a director of this business. There were no amounts outstanding at 31 August 2018 (2017: £Nil)
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Helen Williams neither participated in, nor influenced.
- In entering into these transactions the academy trust has complied with the requirements of the Academies Financial Handbook 2017.

The Diocese of Leicester Educational Trust are a founding member of the academy and have the right to appoint up to 25% of the total Trustee board. The building from which the academy operates is owned by the Diocese of Leicester. No long leasehold fixed asset is recognised in the financial statements due to the degree of ultimate control over the building that lies with the Diocese.

No other related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 11.

25. 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.