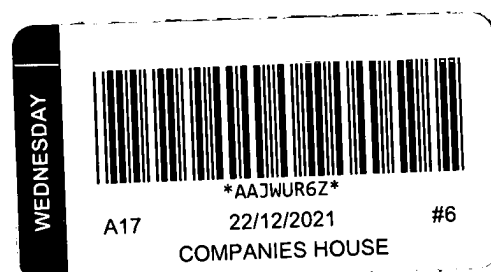


Fareham Academy
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2021

Company Registration Number:
08549807 (England and Wales)



Fareham Academy

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Fareham Academy

Reference and Administrative Details

Members:

L Docherty
I Holt
S Mead
K Ranford
M Wills (appointed 1 September 2021)

Trustees:

M Barratt (resigned 4 August 2021)
R Clifton (appointed 29 September 2020)
C Collins
M Goodall
A Grant
S Jauncey (appointed 1 October 2021)
R Murrell
D O'Driscoll (appointed 9 October 2020)
C Prankerd
J Tucker
M Wills (resigned 31 August 2021)

Company Secretary

Michelmores Secretaries Limited

Senior Management Team

C Prankerd	Headteacher
R Patel	Deputy Headteacher
A Lowe	Deputy Headteacher
D Butterworth	Senior Assistant Headteacher
K Geddes	Assistant Headteacher
N Bungay	Assistant Headteacher

Company Name

Fareham Academy

Principal and Registered Office

St Anne's Grove
Fareham
Hampshire
PO14 1JJ

Company Registration Number

08549807 (England and Wales)

Fareham Academy

Reference and Administrative Details

Independent Auditor

Hopper Williams & Bell Limited

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

Bankers

Lloyds Bank Plc

43 West Street

Fareham

Hampshire

PO16 0BE

Solicitors

Michelmores Solicitors Limited

Woodwater House

Pynes Hill

Exeter

Devon

EX2 5WR

Fareham Academy

Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Academy Trust operates an academy for pupils aged 11-16 serving a catchment in Fareham, Hampshire. It has a pupil capacity of 900 and had a roll of 842 in the school census in the spring term 2021.

Structure, Governance and Management

Constitution

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

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

Members' Liability

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

Trustees' Indemnities

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

Method of Recruitment and Appointment or Election of Trustees

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

- **Members Appointed Trustees:** There are six Members Appointed Trustees who are appointed by the Academy Trust.
- **Trustees Appointed:** There are four Trustees Appointed who are appointed by the Trust Board.
- **Parent Trustees:** There are two Parent Trustees who are elected by parents. If the number of parents standing for election is less than the number of vacancies, then they can be appointed by the Trust Board as long as they are in parent of a child of compulsory school age.

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

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

Fareham Academy

Trustees' Report

Policies and Procedures Adopted for the Induction and Training of Trustees

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

Organisational Structure

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

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

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

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

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

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

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

The Trust Board meets on a half termly basis and receives minutes from each of the sub-committees.

Fareham Academy

Trustees' Report

Arrangements for setting pay and remuneration of key management personnel

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

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

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

Trade union facility time

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

Related Parties and other Connected Charities and Organisations

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

Fareham Academy

Trustees' Report

Objectives and Activities

Objects and Aims

Our main whole school objectives from the period 1st September 2020 to 31st August 2021 are to grow a culture where education is valued by all and used by everyone as the key to unlock future opportunity. Where staff cultivate a desire for learning and self-improvement and students feel safe and supported in order to reach their personal potential, therefore leaving the Academy as well mannered, confident and culturally rich individuals.

Effectiveness of Leadership & Management

To embed the quality and impact of the Staff Centred Continuing Professional Development Programme in order to meet the needs of both the Academy and the individual to:

- Promote impact-led development of teaching, learning & assessment
- Develop precise data led improvement processes
- Further build pathways for aspiring leadership at all levels across the Academy
- Support all staff to achieve their professional goals and realise their potential
- Build a culture of staff wellbeing centred improvement
- Develop a self-evaluatory based improvement model

Behaviour & Attitudes

To embed the consistent use of a tiered system to support positive learning attitudes and behaviours in order to unlock the potential in all students.

To develop the provision for supporting student character in line with the school's values, including:

- Scholarship
- Pride
- Growth mindset

Overall Effectiveness: Teaching & Learning

To develop a culture of limitless potential and raised aspiration through the implementation of high levels of challenge for all.

Overall Effectiveness: Outcomes

Further improve the progress made by all students in comparison with their cohort nationally with a particular focus on English and Mathematics for 2020-2021.

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

- Disadvantaged
- SEND
- Boys

Fareham Academy

Trustees' Report

Objectives, Strategies and Activities

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

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

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

The aims of the Academy Trust are to continue:

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

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

Fareham Academy

Trustees' Report

Public Benefit

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

The Academy provides secondary education to 842 young people aged 11 through 16, with students studying towards achieving GCSEs. The Academy ensures that it provides a rich and balanced education to young people by meeting the requirements of the national curriculum. It also provides a range of events, activities, school trips as well as social and moral education to extend the learning and opportunities for young people.

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

Strategic Report

Achievements and Performance

Measure	2020-21	2019-20	2018-19	2017-18
Progress 8 Score	-0.14	0.03	-0.56	-0.41
Attainment 8 Score	46.34	48.59	43.72	45.6
Basics (9-4) in Eng & Maths	59.9	59.2	56.1	60%
Achieved EBacc	19.7	20.7	12.2	17.3%
Entered EBacc	22.9	24.8	32.4	45.5%

Key Performance Indicators

Disadvantaged Student Gap (DS Gap)

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

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

Fareham Academy

Trustees' Report

Key Performance Indicators (continued)

Comparative Attendance Analysis

Year	2020-2021	2019-2020	2018-19	2017/2018	2016/17
Year 7	94.70%	95.10%	95.70	95.54%	96.21%
Year 8	93.64%	94.11%	94.44	94.91%	94.79%
Year 9	93.31%	92.63%	95.55	93.77%	94.96%
Year 10	91.24%	83.27%	95.76	94.87%	93.64%
Year 11	81.01%	95.41%	95.45	94.87%	95.86%
Total	91.17%	91.77%	95.34%	94.63%	95.21%

Going Concern

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

Financial Review

Most of the Academy's income is obtained from the DfE in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ending 31 August 2021 and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year a devolved formula capital grant of £17,643 was received, and is shown in the Statement of Financial Activities (SOFA) as restricted fixed asset funds.

Non-teaching staff are entitled to membership of the Local Government Pension Scheme. The Academy's share of the Scheme's assets is currently assessed to be less than its liabilities in the Scheme, and consequently the balance sheet shows a net liability of £1,763,000.

There has been no financial impact on the Academy due to Covid-19. Our levels of reserves have increased due to reduced spending, for example in energy, stationery, hospitality, and examination fees and future commitments have not been compromised.

The Academy received extra COVID 19 funding which was used for the following:-

- Tutoring – to help our High Needs and KS4 students. Intervention was put in place mainly for Maths and English and also some History/Geography and Science. We also purchased online resources and revision books.
- Minibus Driver – due to our students being in Year bubbles we put on an extra minibus service to enable to bring in certain year groups so the bubbles could remain in place.
- Cleaning – to help with the extra amount of cleaning equipment/anti-bacterial products/Medical Waste. This was also used for overtime for our Cleaners and for staffing of our Test Centre that was required during Covid-19.

Fareham Academy

Trustees' Report

Reserves Policy

The reserves policy maintains an appropriate level of financial reserves which is considered essential in protecting the Academy from financial risk generated by, for example: income reduction due to Government funding changes, unexpected falls in students' numbers, cash flow due to delays in receipt of funding and emergencies. It is considered prudent to maintain a level of useable reserves sufficient to cover unexpected and unplanned events is that the Academy's primary objective is preserved. At the same time, the Academy wishes to ensure that it uses its funding to benefit the students in its care which implies an imperative to consider actively the use of reserves to enhance educational provision.

The Trustees monitor levels of reserves in financial reports provided by the Finance Manager and in the annual financial statement prepared by the Auditors. Trustees will look to ensure that a prudent level of reserves is maintained, bearing in mind the recurrent spending needs to ensure high quality provision. In deciding the level of reserves Trustees will consider the following:

- One-month salary bill
- The Academies annual budget
- The need for any large project spends such as facilities development or building condition needs
- Any uncertainty, turbulence or expected reduction in funding arrangements, including the level of transitional protection within the school funding and its expiry date
- Anticipated funding over the next three years

The Academy's 'free reserves' are its funds after excluding restricted funds. Free Reserves are the resources the Academy has or can make available to spend for any or all of the Academy's purposes once it has met its commitments and covered its other planned expenditure. The reserves as at 31 August 2021 were as follows:

- Unrestricted (free) reserves of £493,787 (2020: £470,660)
- A restricted fixed asset fund of £3,322,416 (2020: £4,669,010), which can only be realised through disposal of tangible fixed assets
- A pension deficit of £1,763,000 (2020: £1,414,000)
- Other restricted funds of £237,513 (2020: £46,299)
- Total funds of £2,290,716 (2020: £3,771,969)

There is a £1,763,000 deficit in respect of the Local Government Pension Scheme. This will result in increased employers' pension contributions over a period of years. We have reflected the effect of increased pension costs in our future budgets. Increased pension contributions will be met from the academy trust's budgeted annual income, and whilst the deficit might not be eliminated, there should be no actual cash flow deficit on the fund, or direct impact on the free reserves of the academy trust as a result of recognising the deficit.

Fareham Academy

Trustees' Report

Investment Policy

We only invest funds in low risk and easily-accessible accounts. Funds will be placed in bank accounts with a withdrawal notice of no more than 12 weeks. Risk is managed through diversification of investments, ensuring that the security of funds takes precedence over revenue maximization. Funds will only be placed with banking institutions that are regulated by the Financial Conduct Authority and with good credit ratings.

Principal Risks and Uncertainties

Financial

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

Reputational

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

Safeguarding & Child Protection

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

Staffing

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

Fraud and mismanagement of funds

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

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

Fareham Academy

Trustees' Report

Fundraising

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

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

Plans for Future Periods

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

Funds Held as Custodian Trustee on Behalf of Others


During the period 1st September 2020 to 31st August 2021 Fareham Academy did not hold any funds as a custodian trustee on behalf of any charitable organisation.

Auditor

Insofar as the Trustees are aware:

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

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 16 December 2021 and signed on the board's behalf by:


Mark Goodall (Dec 17, 2021 11:54 GMT)

M Goodall

Chair of Trustees

Fareham Academy

Governance Statement

Scope of Responsibility

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

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

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

Trustee Meeting Attendance report 20/21										
Trustee name	FGB	%	A,S&W	%	Resources	%	Policy	%	Total	%
Andy Grant	6/6	100%	3/3	100%	3/4	75%				92%
Janet Tucker	6/6	100%	3/3	100%	3/4	75%				92%
Martin Wills (resigned 31.08.21)	6/6	100%	3/3	100%	4/4	100%	3/3	100%		100%
Clare Collins	5/6	83%	3/3	100%						89%
Mark Goodall	6/6	100%	1/3	33%	4/4	100%	3/3	100%		88%
Richard Murrell	6/6	100%	3/3	100%	4/4	100%	3/3	100%		100%
Martin Barratt (resigned 23.07.21)	2/6	33%	2/3	67%	3/4	75%				54%
Chris Prankerd	6/6	100%	3/3	100%	4/4	100%	3/3	100%		100%
Declan O'Driscoll (appointed 09.10.20)	5/5	100%	3/3	100%	3/4	75%	3/3	100%		93%
Rachel Clifton (appointed 29.09.20)	5/5	100%	3/3	100%						100%

Governance reviews

A "Trustees retreat" was held on 4th & 5th September 2020, when the Board of Trustees carried out a review of their impact and effectiveness as a result of their monitoring plan during the 19/20 year. The 20/21 Action Plan was discussed and formalised with members of the Senior Leadership Team, after which the trustees reassessed their monitoring plan to reflect the new targets. The Trust Board also completed on Governors role in monitoring the curriculum through Hampshire Governor Services.

Fareham Academy

Governance Statement

Governance (continued)

Resources Committee

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

Achievement, Standards & Welfare Committee

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

Policy Committee

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

Review of Value for Money

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

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

- Implementation of a new HR and Payroll system to reduce inefficiencies and improve capacity.
- Increased grounds services freeing up the site manager to liaise with the project manager on awarded CIF bid funding and ensuring smooth running/health & safety of the school site whilst building works carried out.
- Using existing support staff to run and clean Covid testing centre instead of employing outside agency workers.
- Reduced number of leased minibuses by one after looking into usage and running the minibus bookings more efficiently.
- SIMS – Reduction of additional digital packages required to provide the same service.

Fareham Academy

Governance Statement

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Fareham Academy for the period 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2020 to 31 August 2021 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 Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- identification and management of risks

The board of trustees has considered the need for a specific internal audit function and has decided to appoint an internal reviewer. The Resources Committee reports termly to the Full Governing Body on the operation of the system of control and on the discharge of the board of trustees' financial responsibilities.

The internal reviewer role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial and other systems.

Fareham Academy

Governance Statement

The Risk and Control Framework (continued)

The Resources Committee agreed that the following areas should be scrutinised during 2020/21 and that work would be carried out over two reviews, one of which was conducted remotely due to the COVID 19 restrictions:

- Risk Management
- External audit recommendations
- Financial policies and procedures
- Governances
- Strategic Financial Planning
- AFH Compliance and ESFA submissions
- Payroll
- Income and Debt Management
- Financial reporting
- Procurement

The reviewer reports to the Board of Trustees, through the Resources Committee on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities and prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

The reviewer has delivered the schedule of work as planned. No material control issues arose as a result.

A summary of internal scrutiny work and recommendations are submitted to the ESFA alongside the financial statements.

Fareham Academy

Governance Statement


Review of Effectiveness

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

- the work of the internal reviewer
- the work of the external auditor
- the school resource management self-assessment tool
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 16 December 2021 and signed on its behalf by:


Mark Goodall (Dec 17, 2021 11:54 GMT)

M Goodall
Chair of Trustees


C Prankerd (Dec 17, 2021 12:12 GMT)

C Prankerd
Accounting Officer

Fareham Academy

Statement of Regularity, Propriety and Compliance

As Accounting Officer of Fareham Academy I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2020.

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


C Pranker (Dec 17, 2021 12:12 GMT)

C Pranker
Accounting Officer
16 December 2021

Fareham Academy

Statement of Trustees' Responsibilities

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

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


- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021
- 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 16 December 2021 and signed on its behalf by:


Mark Goodall (Dec 17, 2021 11:54 GMT)

M Goodall
Chair of Trustees

Fareham Academy

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

Opinion

We have audited the financial statements of Fareham Academy ('the charitable company') for the year ended 31 August 2021 which comprise the Statement of Financial Activities (including the Income and Expenditure Account), the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019, and the Academies Accounts Direction 2020 to 2021 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2020 to 2021.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Fareham Academy

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

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Fareham Academy

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

Responsibilities of the Trustees

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

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

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Academy Trust, and the sector in which it operates. These include but are not limited to compliance with the Companies Act 2006, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019, the Academies Financial Handbook 2020, and the Academies Accounts Direction 2020 to 2021.
- We obtained an understanding of how the Academy Trust is complying with these frameworks through discussions with management.

Fareham Academy

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

- We enquired with management whether there were any instances of non-compliance with laws and regulations or whether they had knowledge of actual or suspected fraud. These enquiries are corroborated through follow-up audit procedures including but not limited to a review of legal and professional costs, correspondence and a review of board minutes.
- We assessed the susceptibility of the Academy Trust's financial statements to material misstatement, including the risk of fraud and management override of controls. We designed our audit procedures to respond to this assessment, including the identification and testing of any related party transactions and the testing of journal transactions that arise from management estimates, that are determined to be of significant value or unusual in their nature.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team, including consideration of the engagement team's knowledge and understanding of the sector in which the Academy Trust operates in, and their practical experience through training and participation with audit engagements of a similar nature.

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 Independent Auditor's 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Brookes
David Brookes (Dec 20, 2021 09:51 GMT)

D Brookes FCA (Senior statutory auditor)

For and on behalf of Hopper Williams & Bell Limited

Statutory Auditor

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

Date 20/12/2021

Fareham Academy

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

In accordance with the terms of our engagement letter dated 20 September 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Fareham Academy during the period 1 September 2020 to 31 August 2021 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 Fareham Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Fareham Academy and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fareham Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Fareham Academy's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Fareham Academy's funding agreement with the Secretary of State for Education dated 30 August 2013 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Fareham Academy

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

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Consideration as to whether prior approval was sought from the Secretary of State where it is required by the Academies Financial Handbook (effective from 1 September 2020) (AFH).
- Review of any special payments to staff, including compromise agreements, to consider whether prior approval was sought where required by the AFH and that any payments are in line with the severance guidance published by ESFA.
- Consideration as to whether any borrowings have been made in accordance with the AFH.
- Review of any 'minded to' letters or Notices to Improve which have been issued to the Academy Trust.
- Review of any transactions with related parties to ensure that they have been carried out in accordance with the AFH.
- Review of governance arrangements to determine whether the requirements of the AFH have been met.
- Review of the Academy Trust's internal controls, including whether the general control environment has regard to the regularity of underlying transactions, including fraud management.
- Review of the Academy Trust's procurement policies to determine effectiveness and testing a sample of purchases to confirm that the policies have been correctly implemented.
- Identifying any conditions associated with specialist grant income and determining whether it has been spent as the purposes intended.

Fareham Academy

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

David Brookes

David Brookes (Dec 20, 2021 09:51 GMT)

D Brookes FCA

Reporting Accountant

Hopper Williams & Bell Limited

Chartered Accountants

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

Date 20/12/2021

Fareham Academy

Statement of Financial Activities for the year ended 31 August 2021 (including Income and Expenditure Account)

	Note	Un- restricted funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	2020/21 Total £	2019/20 Total £
Income and endowments from:							
Donations and capital grants	2	-	-	-	30,143	30,143	1,406,068
Charitable activities:							
Funding for the academy trust's educational operations	3	-	5,270,858	-	-	5,270,858	4,449,485
Other trading activities	4	23,027	-	-	-	23,027	28,008
Investments	5	100	-	-	-	100	345
Total		23,127	5,270,858	-	30,143	5,324,128	5,883,906
Expenditure on:							
Charitable activities:							
Academy trust educational operations	7	-	5,078,037	264,000	1,378,344	6,720,381	4,792,454
Net income / (expenditure)		23,127	192,821	(264,000)	(1,348,201)	(1,396,253)	1,091,452
Transfers between funds	15	-	(1,607)	-	1,607	-	-
Other recognised gains / (losses):							
Actuarial losses on defined benefit pension schemes	24	-	-	(85,000)	-	(85,000)	(214,000)
Net movement in funds		23,127	191,214	(349,000)	(1,346,594)	(1,481,253)	877,452
Reconciliation of funds							
Total funds brought forward		470,660	46,299	(1,414,000)	4,669,010	3,771,969	2,894,517
Total funds carried forward		493,787	237,513	(1,763,000)	3,322,416	2,290,716	3,771,969

The notes on pages 30 to 52 form part of these financial statements.

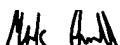
Fareham Academy

Balance Sheet as at 31 August 2021

Company Number 08549807

	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	11		3,299,518		3,351,518
Current assets					
Stock	12	17,563		18,243	
Debtors	13	742,837		1,561,293	
Cash at bank and in hand		445,530		701,202	
		<u>1,205,930</u>		<u>2,280,738</u>	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(451,732)</u>		<u>(446,287)</u>	
Net current assets			<u>754,198</u>		<u>1,834,451</u>
Total assets less current liabilities			<u>4,053,716</u>		<u>5,185,969</u>
Defined benefit pension scheme liability	24		(1,763,000)		(1,414,000)
Total net assets			<u>2,290,716</u>		<u>3,771,969</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	15	3,322,416		4,669,010	
Restricted income fund	15	237,513		46,299	
Pension reserve	15	<u>(1,763,000)</u>		<u>(1,414,000)</u>	
Total restricted funds			<u>1,796,929</u>		<u>3,301,309</u>
Unrestricted income funds	15		<u>493,787</u>		<u>470,660</u>
Total funds			<u>2,290,716</u>		<u>3,771,969</u>

The financial statements on pages 27 to 52 were approved by the trustees and authorised for issue on 16 December 2021 and are signed on their behalf by:


Mark Goodall (Dec 17, 2021 11:54 GMT)

M Goodall

Chair of Trustees

The notes on pages 30 to 52 form part of these financial statements.

Fareham Academy

Statement of Cash Flows for the year ended 31 August 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	19	(275,977)	(1,269,219)
Cash flows from investing activities	20	20,305	1,399,739
Change in cash and cash equivalents in the reporting period		<u>(255,672)</u>	<u>130,520</u>
Cash and cash equivalents at 1 September 2020		701,202	570,682
Cash and cash equivalents at 31 August 2021	21	<u>445,530</u>	<u>701,202</u>

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

1 Accounting policies

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

Basis of Preparation

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Going Concern

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

Income

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

- **Donations**

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

- **Grants**

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

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

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

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

Income (continued)

- **Government Grants**

The following government grants have been received during the year:

- **Other Income**

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

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

Expenditure

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities.

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

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

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

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

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

Liabilities

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

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

Provisions

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

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

Leased Assets

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

Financial Instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank

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

Financial liabilities

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

Stock

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

Taxation

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

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

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

Pensions Benefits

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

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

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

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

Fund Accounting

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

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

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

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The assumptions used are disclosed in note 24.

Critical areas of judgement

There are no other critical areas of judgement.

2 Donations and capital grants

	Unrestricted funds	Restricted funds	2020/21 Total	2019/20 Total
	£	£	£	£
Capital grants	-	30,143	30,143	1,406,068
<i>Total 2020</i>	-	1,406,068	1,406,068	

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2020/21 Total £	2019/20 Total £
DfE / ESFA grants				
General Annual Grant (GAG)	-	4,205,535	4,205,535	3,692,029
Pupil Premium	-	236,210	236,210	202,334
Teachers' pay grant	-	56,841	56,841	53,892
Teachers' pension grant	-	196,665	196,665	152,284
Other DfE grants	-	24,300	24,300	54,223
	-	4,719,551	4,719,551	4,154,762
Other government grants				
Local authority grants	-	328,989	328,989	180,536
COVID-19 additional funding (DfE/ESFA)				
Catch-up premium	-	103,679	103,679	-
Summer schools programme fund	-	33,977	33,977	-
	-	137,656	137,656	-
Other income from the Academy Trust's educational operations				
Trip income	-	13,799	13,799	59,500
Other income	-	70,863	70,863	54,687
	-	84,662	84,662	114,187
	-	5,270,858	5,270,858	4,449,485
Total 2020	-	4,449,485	4,449,485	

Following the reclassification of some grants received from the Department for Education and the ESFA in the Academies Accounts Direction 2020/21, the Academy Trust's funding for Teachers' pay grant and Teachers' pension grant are no longer reported under the Other DfE grants heading, but as separate lines under the DfE/ESFA grants heading. The prior year numbers have been reclassified.

The Academy Trust received £103,679 of funding for catch-up premium. This was fully spent during the year.

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2020/21 Total £	2019/20 Total £
Hire of facilities	23,027	-	23,027	28,008
<i>Total 2020</i>	<i>28,008</i>	<i>-</i>	<i>28,008</i>	

5 Investment income

	Unrestricted funds £	Restricted funds £	2020/21 Total £	2019/20 Total £
Short term deposits	100	-	100	345
<i>Total 2020</i>	<i>345</i>	<i>-</i>	<i>345</i>	

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

6 Expenditure

	Staff costs	Non Pay Expenditure		Total	Total
		Premises	Other	2020/21	2019/20
	£	£	£	£	£
Academy's educational operations:					
Direct costs	3,400,367	-	528,097	3,928,464	3,431,283
Allocated support costs	807,457	1,503,312	481,148	2,791,917	1,361,171
	<u>4,207,824</u>	<u>1,503,312</u>	<u>1,009,245</u>	<u>6,720,381</u>	<u>4,792,454</u>
<i>Total 2020</i>	<u>3,641,260</u>	<u>376,188</u>	<u>775,006</u>	<u>4,792,454</u>	

Net income/(expenditure) for the period includes:

	2020/21	2019/20
	£	£
Operating lease rentals	69,168	48,161
Depreciation	61,938	79,167
(Gain)/loss on disposal of fixed assets	-	(800)
Fees payable to auditor for:		
Audit	9,870	7,705
Other services	<u>4,840</u>	<u>6,525</u>

Included within expenditure are the following transactions:

	Total	Individual items above £5,000	
	Amount	Amount	Reason
	£	£	
Gifts made by the Academy Trust	305	-	-

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

7 Charitable activities

	2020/21	2019/20
	Total	Total
	£	£
Direct costs	3,928,464	3,431,283
Support costs	2,791,917	1,361,171
	<u>6,720,381</u>	<u>4,792,454</u>

Analysis of support costs:

	Educational operations	2020/21	2019/20
		Total	Total
	£	£	£
Support staff costs	807,457	807,457	669,001
Depreciation	61,938	61,938	79,167
Premises costs	1,503,312	1,503,312	376,188
Other support costs	402,675	402,675	222,585
Governance costs	16,535	16,535	14,230
Total support costs	<u>2,791,917</u>	<u>2,791,917</u>	<u>1,361,171</u>
<i>Total 2020</i>	<i>1,361,171</i>	<i>1,361,171</i>	

Premises costs includes £1,294,121 (2020: £151,901) in respect of expenditure on capital projects, which were funded by capital grants from the ESFA.

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

8 Staff

a) Staff costs

Staff costs during the period were:

	2020/21	2019/20
	£	£
Wages and salaries	2,957,715	2,584,381
Social security costs	277,876	240,033
Pension costs	881,736	697,896
	4,117,327	3,522,310
Agency staff costs	90,497	118,950
	4,207,824	3,641,260

b) Staff numbers

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

	2020/21	2019/20
	No.	No.
Teachers	48	46
Administration and support	53	44
Management	8	8
	109	98

c) Higher paid staff

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

	2020/21	2019/20
	No.	No.
£60,001 - £70,000	3	1
£70,001 - £80,000	2	1
£90,001 - £100,000	1	-

d) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £529,337 (2020: £425,508).

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

9 Related Party Transactions – Trustees’ remuneration and expenses

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

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

		2020/21	2019/20
		£000	£000
C Prankerd	Remuneration	80-85	75-80
(Staff trustee from 1 September 2019)	Employer’s pension contributions paid	15-20	5-10

During the period ended 31 August 2021, no trustees received any reimbursement of expenses (2020: none).

10 Trustees and officers insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5m on any one claim and the cost for the period ended 31 August 2021 was £134 (2020: £131). The cost of this insurance is included in the total insurance cost.

11 Tangible fixed assets

	Leasehold Land and Buildings £	Leasehold Improve- ments £	Furniture and Equipment £	Computer Equipment £	Total £
Cost					
At 1 September 2020	3,560,000	99,322	280,746	461,024	4,401,092
Acquisitions	-	-	8,138	1,800	9,938
At 31 August 2021	3,560,000	99,322	288,884	462,824	4,411,030
Depreciation					
At 1 September 2020	320,740	10,053	260,861	457,920	1,049,574
Charged in year	45,820	3,728	10,150	2,240	61,938
At 31 August 2021	366,560	13,781	271,011	460,160	1,111,512
Net book values					
At 31 August 2020	3,239,260	89,269	19,885	3,104	3,351,518
At 31 August 2021	3,193,440	85,541	17,873	2,664	3,299,518

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

12 Stock

	2020/21	2019/20
	£	£
Uniform stocks	<u>17,563</u>	<u>18,243</u>

13 Debtors

	2020/21	2019/20
	£	£
Trade debtors	5,011	600
VAT recoverable	189,821	20,838
Other debtors	-	11,830
Prepayments and accrued income	<u>548,005</u>	<u>1,528,025</u>
	<u>742,837</u>	<u>1,561,293</u>

14 Creditors: amounts falling due within one year

	2020/21	2019/20
	£	£
Trade creditors	29,393	69,395
Other taxation and social security	67,863	60,252
Other creditors falling due within one year	74,702	80,241
Accruals and deferred income	<u>279,774</u>	<u>236,399</u>
	<u>451,732</u>	<u>446,287</u>

	2020/21	2019/20
	£	£
Deferred income at 1 September 2020	47,327	103,769
Released from previous years	(47,327)	(103,769)
Resources deferred in the year	<u>1,225</u>	<u>47,327</u>
Deferred income at 31 August 2021	<u>1,225</u>	<u>47,327</u>

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

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

15 Funds

	Balance at 1 September 2020 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2021 £
Restricted general funds						
General Annual Grant (GAG)	46,299	4,205,535	(4,012,714)	(1,607)	-	237,513
Pupil premium	-	236,210	(236,210)	-	-	-
Teachers' pay grant	-	56,841	(56,841)	-	-	-
Teachers' pension grant	-	196,665	(196,665)	-	-	-
Other DfE grants	-	24,300	(24,300)	-	-	-
Local authority grants	-	328,989	(328,989)	-	-	-
Catch-up premium	-	103,679	(103,679)	-	-	-
Summer schools programme	-	33,977	(33,977)	-	-	-
Other educational activities	-	84,662	(84,662)	-	-	-
	46,299	5,270,858	(5,078,037)	(1,607)	-	237,513
Pension reserve	(1,414,000)	-	(264,000)	-	(85,000)	(1,763,000)
	(1,367,701)	5,270,858	(5,342,037)	(1,607)	(85,000)	(1,525,487)
Restricted fixed asset funds						
Fixed asset fund	3,351,518	-	(61,938)	9,938	-	3,299,518
ESFA capital grants (DFC)	63,049	17,643	(55,071)	(9,938)	-	15,683
ESFA capital grants (CIF)	1,237,443	-	(1,239,050)	1,607	-	-
Other capital grants	17,000	12,500	(22,285)	-	-	7,215
	4,669,010	30,143	(1,378,344)	1,607	-	3,322,416
Total restricted funds	3,301,309	5,301,001	(6,720,381)	-	(85,000)	1,796,929
Total unrestricted funds	470,660	23,127	-	-	-	493,787
Total funds	3,771,969	5,324,128	(6,720,381)	-	(85,000)	2,290,716

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

15 Funds (continued)

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

General annual grant

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

Other DfE/ESFA grants

This is funding received from the ESFA for specific purposes.

Local authority grants

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

Other educational activities

This includes all other educational income/expenditure.

Pension reserve

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

Fixed asset fund

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

DfE/ESFA capital grants

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

Transfers between funds

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

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2021.

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

15 Funds (continued)

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

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2020 £
Restricted general funds						
General Annual Grant (GAG)	-	3,692,029	(3,645,730)	-	-	46,299
Pupil premium	-	202,334	(202,334)	-	-	-
Teachers' pay grant	-	53,892	(53,892)	-	-	-
Teachers' pension grant	-	152,284	(152,284)	-	-	-
Other DfE grants	-	54,223	(54,223)	-	-	-
Local authority grants	-	180,536	(180,536)	-	-	-
Other educational activities	-	114,187	(114,187)	-	-	-
	-	4,449,485	(4,403,186)	-	-	46,299
Pension reserve	(1,041,000)	-	(159,000)	-	(214,000)	(1,414,000)
	(1,041,000)	4,449,485	(4,562,186)	-	(214,000)	(1,367,701)
Restricted fixed asset funds						
Fixed asset fund	3,423,211	-	(78,367)	6,674	-	3,351,518
ESFA capital grants (DFC)	52,999	16,724	-	(6,674)	-	63,049
ESFA capital grants (CIF)	-	1,389,344	(151,901)	-	-	1,237,443
Other capital grants	17,000	-	-	-	-	17,000
	3,493,210	1,406,068	(230,268)	-	-	4,669,010
Total restricted funds	2,452,210	5,855,553	(4,792,454)	-	(214,000)	3,301,309
Total unrestricted funds	442,307	28,353	-	-	-	470,660
Total funds	2,894,517	5,883,906	(4,792,454)	-	(214,000)	3,771,969

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

16 Analysis of net assets between funds

	Un-restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	3,299,518	3,299,518
Current assets	493,787	689,245	-	22,898	1,205,930
Current liabilities	-	(451,732)	-	-	(451,732)
Pension scheme liability	-	-	(1,763,000)	-	(1,763,000)
Total net assets	493,787	237,513	(1,763,000)	3,322,416	2,290,716

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

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

17 Capital commitments

	2020/21	2019/20
	£	£
Contracted for, but not provided in the financial statements	-	1,237,443

18 Long-term commitments, including operating leases

At 31 August 2021 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2020/21	2019/20
	£	£
Amounts due within one year	59,722	57,645
Amounts due between one and five years	67,922	93,225
	127,644	150,870

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

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

	2020/21	2019/20
	£	£
Net (expenditure) / income for the reporting period	(1,396,253)	1,091,452
Adjusted for:		
Depreciation	61,938	79,167
(Gain)/loss on disposal of fixed assets	-	(800)
Capital grants from DfE and other capital income	(30,143)	(1,406,068)
Interest receivable	(100)	(345)
Defined benefit pension scheme cost less contributions payable	241,000	141,000
Defined benefit pension scheme finance cost	23,000	18,000
Decrease / (increase) in stocks	680	(1,631)
Decrease / (increase) in debtors	818,456	(1,397,855)
Increase in creditors	5,445	207,861
Net cash used in Operating Activities	(275,977)	(1,269,219)

20 Cash flows from investing activities

	2020/21	2019/20
	£	£
Dividends, interest and rents from investments	100	345
Proceeds from sale of tangible fixed assets	-	800
Purchase of tangible fixed assets	(9,938)	(7,474)
Capital grants from DfE Group	30,143	1,406,068
Net cash provided by investing activities	20,305	1,399,739

21 Analysis of cash and cash equivalents

	2020/21	2019/20
	£	£
Cash at bank and in hand	445,530	701,202

22 Analysis of changes in net debt

	At 1 September 2020	Cash flows	Acquisition/ disposal of subsidiaries	New finance leases	Other non-cash changes	At 31 August 2021
	£	£	£	£	£	£
Cash	701,202	(255,672)	-	-	-	445,530
Total	701,202	(255,672)	-	-	-	445,530

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

23 Members liability

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

24 Pension and similar obligations

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

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

Contributions amounting to £74,574 were payable to the schemes at 31 August 2021 (2020: £66,364) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

24 Pension and similar obligations (continued)

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

The employer's pension costs paid to TPS in the period amounted to £494,311 (2020: £426,471).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was as follows:

	2021	2020
	£	£
Employer's contributions	148,000	128,000
Employees' contributions	47,000	37,000
	<u>195,000</u>	<u>165,000</u>

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

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an Academy Trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions

	2021	2020
Rate of increase in salaries	3.6%	3.3%
Rate of increase for pensions in payment/inflation	2.6%	2.3%
Discount rate for scheme liabilities	1.7%	1.7%
Inflation assumption (CPI)	<u>2.6%</u>	<u>2.3%</u>

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

	2021	2020
<i>Retiring today</i>		
Males	23.1	23.0
Females	<u>25.5</u>	<u>25.5</u>
<i>Retiring in 20 years</i>		
Males	24.8	24.7
Females	<u>27.3</u>	<u>27.2</u>

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

24 Pension and similar obligations (continued)

Sensitivity analysis

	Increase/(reduction) in defined benefit obligation	
	2021	2020
	£	£
Discount rate +0.1%	(102,000)	(80,000)
Discount rate -0.1%	106,000	83,000
Mortality assumption – 1 year increase	140,000	104,000
Mortality assumption – 1 year decrease	(136,000)	(104,000)

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

	2021	2020
	£	£
Equities	1,174,000	879,000
Gilts	361,000	301,000
Property	122,000	93,000
Cash	16,000	25,000
Other	354,000	253,000
Total market value of assets	2,027,000	1,551,000

The actual return on scheme assets was £296,000 (2020: -£23,000).

Amount recognised in the Statement of Financial Activities

	2020/21	2019/20
	£	£
Current service cost	389,000	269,000
Interest income	(28,000)	(29,000)
Interest cost	51,000	47,000
Total amount recognised in the SOFA	412,000	287,000

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

24 Pension and similar obligations (continued)

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

	2020/21	2019/20
	£	£
At 1 September	2,965,000	2,478,000
Current service cost	389,000	269,000
Interest cost	51,000	47,000
Employee contributions	47,000	37,000
Actuarial loss	353,000	162,000
Benefits paid	(15,000)	(28,000)
At 31 August	3,790,000	2,965,000

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

	2020/21	2019/20
	£	£
At 1 September	1,551,000	1,437,000
Interest income	28,000	29,000
Actuarial gain / (loss)	268,000	(52,000)
Employer contributions	148,000	128,000
Employee contributions	47,000	37,000
Benefits paid	(15,000)	(28,000)
At 31 August	2,027,000	1,551,000

Fareham Academy

Notes to the Financial Statements for the Year Ended 31 August 2021

25 Related party transactions

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

Expenditure Related Party Transactions:

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

- The Academy Trust purchased services totalling £2,270 (2020: £900) during the period. There were no amounts outstanding at 31 August 2021 (2020: £nil).
- The Academy Trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which I Holt neither participated in, nor influenced.
- In entering into the transaction the Academy Trust has complied with the requirements of the Academies Financial Handbook 2020.

Lighthouse Learning Trust - A Grant (trustee) is a member of key management

- The Academy Trust purchased services totalling £250 (2020: £nil) during the period. There were no amounts outstanding at 31 August 2021 (2020: £nil).
- The Academy Trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which I Holt neither participated in, nor influenced.
- In entering into the transaction the Academy Trust has complied with the requirements of the Academies Financial Handbook 2020.