

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019



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ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1
Trustees' report	2 - 8
Governance statement	9 - 13
Statement on regularity, propriety and compliance	14
Statement of Trustees' responsibilities	15
Independent auditors' report on the financial statements	16 - 19
Independent reporting accountant's report on regularity	20 - 21
Statement of financial activities incorporating income and expenditure account	22 - 23
Balance sheet	24 - 25
Statement of cash flows	26
Notes to the financial statements	27 - 50

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members	R Burnett A Degan L John S Cull J Williams
Trustees	L John, Chair P Jones, Vice Chair R Kennedy, Head Teacher E Craven A Hart M Clark S Jackson N Pearce S Yetman S Weal (resigned 19 July 2019) L Perks (resigned 20 September 2019) T Smith (resigned 19 July 2019)
Company registered number	09894699
Company name	St Michael's Church of England Primary School
Principal and registered office	Somerville Road Bournemouth Dorset BH2 5LH
Company secretary	H Upton
Accounting officer	R Kennedy
Senior management team	R Kennedy, Head Teacher R Fry, Deputy Head N Wills, Assistant Head and SENCO leader E Marshall, School Business Manager
Independent auditors	Griffin Chartered Accountants Silverdown Office Park Exeter Airport Business Park Exeter EX5 2UX

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The trust operates an academy for pupils aged 3 to 11 serving a catchment area in Bournemouth. It has a pupil capacity of 660 and had a roll of 656 in the school census on 3rd October 2019.

Structure, governance and management

a. Constitution

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy.

The Trustees of St Michael's Church of England Primary School are also the directors of the charitable company for the purposes of company law.

The charitable company is known as St Michaels Church of England Primary School.

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

b. 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.

c. Trustees' indemnities

In accordance with normal commercial practice the trust has insurance in place to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The limit of this indemnity is £10,000,000 and this cover is provided as part of the Risk Protection Arrangement offered by the Education and Skills Funding Agency (ESFA).

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

Structure, governance and management (continued)

d. Method of recruitment and appointment or election of Trustees

The management of the academy is the responsibility of the Trustees who are elected and co-opted under the terms of the Memorandum of Association.

Article 45 of the company's Articles of Association states that the number of Trustees, shall not be less than three nor more than fourteen.

Subject to Articles 48 and 49, the Academy Trust shall have the following Trustees:

- Up to four trustees appointed by the members under Article 50;
- Foundation Trustees, normally to be three in number provided that the number of Foundation Trustees would not thereby exceed 25% of the total number of Trustees;
- Any staff trustees appointed under Article 50A;
- A minimum of two parent trustees appointed under Articles 53-58;
- Up to two staff trustees (as long as the total number of trustees who are employees at the Academy Trust does not exceed one third of the total number of trustees)
- The Headteacher.

There are currently 10 trustees appointed to the Board.

The term of office for any trustee shall be four years, save that this time limit shall not apply to the Headteacher. Subject to remaining eligible to be a particular type of trustee, any trustee may be re-appointed or re-elected. New trustees are appointed as specified in the Articles of Association. With regard to trustees who are elected parents or elected staff, posts are advertised and application or nomination sought. Where there are more applicants than vacancies, an election is held amongst all parents/carers or all staff as appropriate. Other trustees are appointed by the members following a process of local advertisement or invitation, followed by an interview.

e. Policies adopted for the induction and training of Trustees

All trustees are invited, on election or appointment, to visit the school, meet the Head Teacher and Senior Leadership Team and to be made familiar with the school. Trustees are expected to attend the relevant training and have online access to the National Governors' Association website. New trustees are given access to all policies and paperwork pertaining to the role, as part of the induction process.

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

Structure, governance and management (continued)

f. Organisational structure

The Board of Governors at St Michael's Church of England Primary School fulfils the following roles:-

1. Setting the school's strategic direction in the areas of structure, standards, finance, curriculum and community relevance.
2. Monitoring the school in these areas to ensure probity, efficiency and effectiveness.

Specifically this means:

- Agreeing the School's Raising Achievement Plan.
- Adopting the annual budget and making financial decisions above a limit of £10,000.
- Maintaining a working knowledge of each subject area's procedures and performance.
- Agreeing all major policies.
- Scrutinising and giving final agreement to pay recommendations for teaching staff.
- Ensuring that the School disciplinary procedures for staff and students are carried out according to policy.

All trustees are members of the Full Board of Governors which meets at least once each term to receive reports from its sub-committees and manage strategic objectives. The Board has two sub-committees which each meet at least once a term:

1. Resources Committee; which meets to ensure the efficient and correct use of funds and assets.
2. Admissions Committee; which meets to ensure correct admissions procedures are in place and to review the admissions criteria and policy annually.

The Head Teacher and Senior Leadership Team are responsible for the following:

- Ensuring the agreed strategic direction is implemented at an operational level.
- Meeting targets for outcomes, budget solvency and teaching standards
- Providing governors with the necessary information for them to carry out their role.
- Managing day-to-day issues associated with running the School.
- Leading the staff to ensure high quality teaching and learning.
- Monitoring staff performance.

g. Arrangements for setting pay and remuneration of key management personnel

Assistant Head Teachers pay and remuneration is managed under the teachers' appraisal process. Targets with clear success criteria are set for these key staff. At the end of the appraisal cycle the Head Teacher is responsible for assessing progress towards the targets and making an assessment as to whether or not the targets have been met. Pay progression can only take place if these targets have been met.

The Head Teacher is subject to separate appraisal process overseen by Richard Gower the executive Head of the Trust. The Head Teacher appraisal sub-committee is supported and guided by an external educational professional from the Local Authority. The sub-committee is responsible for assessing whether or not the Head Teacher has met the targets. If the targets are deemed to be met a recommendation of a pay progression may be made by the sub-committee.

Targets for key management personnel reflect the key points within the School Improvement Plan.

h. Trade union facility time

During the year ended 31 August 2019, no employees of the Academy Trust were relevant union officials.

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

Objectives and activities

a. Objects and aims

St Michael's Church of England Primary School endeavours to provide a happy, safe, caring and stimulating learning environment, based on Christian principles in which all members of the school community are valued as individuals and are encouraged to reach their full potential.

School aims

At St Michael's we value every member of our school community and our aims are for every child, whatever their background or circumstances, to have the support they need to:

- Develop their understanding of the value of leading a healthy lifestyle
- Work and play in a secure and safe environment in which they are encouraged to develop moral values and mutual respect
- Experience an exciting curriculum which fosters their enthusiasm, develops an enquiring mind and enables every child to achieve his/her full potential
- Access an education for life which promotes British Values that enable all learners to become effective and reliable members of the wider community
- Foster ambition and expectation to carry through to adult life

To achieve these aims all learners, staff, parents and governors will work together to promote our core values of peace, courage and respect.

b. Objectives, strategies and activities

The primary objectives for the year 2018 – 2019 as indicated in the School Improvement Plan were as follows:

- To raise end of Key Stage 2 reading outcomes in line with those of writing.
- This included the following specific objectives:
- To raise the profile of reading and reading for enjoyment throughout the school.
 - To identify 'vulnerable' readers so that they can be helped to accelerate in their reading progress.
 - Provide more opportunities for children to read, and be heard read, in school.
 - To provide quality phonics provision across the school.
-
- To provide pupils with a broad and balanced curriculum that stimulates interest and curiosity in children.
 - To accelerate the progress of KS2 later entrant pupils, particularly those who arrive with limited English.

More details about the strategies and activities as well as full evaluations of each objective are recorded in the School Improvement Plan for 2018 – 2019.

Achievements and Performance

The achievement and performance of students is monitored and evaluated by governors, through the Governor Working Groups (one for each element of the School Improvement Plan) and at full governor meetings. The School also reports student outcomes to the Bournemouth Septenary Trust, whilst this information is also made known to BCP Local Authority and the DfE.

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

Objectives and activities (continued)

c. Public benefit

The Academy Trust is an academy with a distinctive Church of England character, serving all the families of the defined catchment area. It provides a wide range of after school and holiday activities as well as pre-school provision with 24 places. The governors confirm that they have complied with their duty in the Charities Act to have due regard to the public benefit guidance provided by the Charity Commission.

Strategic report

Achievements and performance

a. Key performance indicators

The Key Performance Indicators for 2018 – 2019 are as follows:

Pre-school

The vast majority of children fell within the 30 - 50 month range for the three prime areas of development.

Reception/Early Years

The percentage of children achieving GLD (Good Level of Development in the Prime areas and English and Maths) was 69%. The national average for 2019 was 72%.

Year 1 Phonics

The percentage of children passing the Year 1 phonics screening test was 89%. The national average for 2019 was 82%.

The percentage of children passing the Year 2 phonics screening test was 93%. The national average for 2019 was 91%.

Key Stage 1

The percentage of students meeting at least expected standard in reading, writing and maths was 72%. The national average for 2019 was 65%.

Key Stage 2

The percentage of students meeting at least expected standard in reading, writing and maths combined was 72%. The national average was 65%.

Non-academic KPIs are as follows:

- Pupils attendance for the year was 95.50% (2018 - 95.40%)
- Direct costs as a % of total costs were 67.78% (201 - 67.78%)
- Support costs as a % of total costs were 29.54% (2018 - 29.54%)
- Total payroll costs as a % of income were 79.56% (2018 - 83.80%)

b. Going concern

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

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

Strategic report (continued)

Financial review

a. Reserves policy

The Governors review the reserve levels of the academy annually and regularly monitor expenditure to ensure the reserves. The review encompasses the nature of the income and expenditure stream, the need to match income with commitments and the nature of the reserves. The Governors have determined that the level of free reserves should be the equivalent to 1 month of the GAG, approximately £185,000 to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. As at 31 August 2019 the unrestricted funds carried forward were £169,391.

b. Material Investments Policy

Trustees are committed to ensuring that all funds under their control are managed in such a way to maximise return whilst minimising risk. Day-to-day management of any surplus funds is delegated to the Head Teacher within guidelines approved by the board.

c. Principal risks and uncertainties

The School has adopted a risk management process including the creation of a strategic risk register and risk review process. The strategic risk register enables governors to identify risks, put into place controls and where necessary, plan mitigation against the risks.

The principle risks are seen as building up reserves so as to adequately meet unexpected needs and the recruitment of teaching staff.

Key controls in place are:

- Increased monitoring of cash flow and bank account by Head Teacher, School Business Manager and Chair of Resources Committee.
- Close monitoring of internal controls to ensure budget holders do not commit to costs over their budgetary limits.
- School maintains a 'good' reputation to attract teaching staff.
- Advertise early and widely for teaching vacancies.

Fundraising

The school undertakes fundraising in the form of sponsored events and organised events such as the Christmas fayre to raise funds for extra projects to benefit the pupils in the school e.g. the outdoor play trail. In 2019, fundraising enabled the school to offer every child the opportunity to have a theatre experience. 450 pupils saw Matilda performed at the Mayflower Theatre in Southampton, whilst 180 of our younger pupils were taken to The Shelley Theatre to see a performance of The Wizard of Oz. The school does not currently have a PTA and therefore these events are run by the staff at the school with help from the wider school community. No professional fundraisers or commercial participators are used for this fundraising. Fundraising conforms to the Charity Commissions recognised standards, the school does not use intrusive or persistent fundraising approaches or put undue pressure on the school community to donate. No complaints have been received regarding the schools fundraising activities.

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

Plans for future periods

The School Improvement Plan and Maintenance Plan outline the short term and medium term plans of the School. The School has undergone an extensive refurbishment and extension in recent years and the buildings are therefore in a good state of repair. The Maintenance Plan includes a programme of upkeep to ensure the buildings remain in a good state, including painting of internal walls.

The Governors look for opportunities to work collaboratively with other schools within the BST to make efficiencies and further enhance the quality of educational provision.

The School is currently in the process of improving its outside area with fencing to section off areas for pupil use such as a garden area.

In terms of academic outcomes, the School Improvement Plan aims to:

- Continue to raise outcomes in reading for all children through the teaching of phonics to Reception and Key Stage 1 pupils as well as new entrant EAL pupils in Key Stage 2.
- To ensure that the school environment lives up to the school's mission statement to 'provide a happy, safe, caring and stimulating learning environment...' in order to develop pupils' and adults' wellbeing.

Funds held as custodian on behalf of others

No funds are held as custodian on behalf of others.

Disclosure of information to auditors

Insofar as the Trustees are aware:

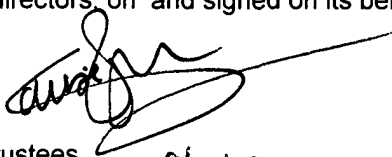
- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

The auditors, Griffin, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

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

L John
Chair of Trustees



5/12/19

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
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GOVERNANCE STATEMENT

Scope of responsibility

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

The board of Trustees has delegated the day-to-day responsibility to the 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 St Michael's Church of England Primary School and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of Trustees has formally met 5 times during the year.

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

Trustee	Meetings attended	Out of a possible
L John, Chair	5	5
P Jones, Vice Chair	3	5
R Kennedy, Head Teacher	5	5
E Craven	4	4
A Hart	2	5
M Clark	5	5
S Jackson	3	4
N Pearce	5	5
S Yetman	4	5
S Weal	3	5
L Perks	4	5
T Smith	0	0

There have been no major changes in the composition of the trust board during the year.

The Governors carried out a review of the structure of the sub committees on the board during the summer term of 2019. The governors agreed to continue with the use of Governor Working Groups as they saw this as an effective method of triangulating evidence about pupil outcomes. They also decided to restructure their committees into the following: Resources (to include pay review), Admissions, Full Governing Body.

The Resources Committee is a sub-committee of the main board of trustees. The purpose of the committee is to plan the budget and monitor spending, and to ensure that pupils receive the best possible education in the best possible environment. The committees responsibilities are:

- To consider the financial implications of the priorities in the School Improvement Plan.
- To agree the level of delegation to the Head teacher for the day-to-day financial management of the school.
- To produce an annual budget for approval by the Board of Governors.
- Monitor the implementation of the budget on a monthly basis according to schools' requirements

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

- Adopt the Trust's Scheme of Delegation.
- Review and maintain finance policies, including lettings and charging & remissions.
- Review systems of internal financial control.
- Monitor the annual budget and make recommendations to the Board.
- Set levels of authority for spending and virement within the limits set by the school.
- Advise the Board on the affordability of the Schools Development Plan.
- Consider the impact of pupil numbers on the budget over short, medium and long terms.
- Receive and respond to audit reports commissioned by the School.
- To authorise expenditure requests over £2,000.
- To exercise virement between heads of expenditure of the budget up to limit of £5,000.
- To authorise emergency works up to a value of £5,000 where the health and safety of a person or the security of the premises is concerned.
- To decide rates and make all other decisions relating to the hiring of School facilities.
- To oversee any Lottery Bid and Capital Improvement Fund Application/Bid.
- To be responsible for the premises and the learning environment.
- To deal with matters of school security.
- To oversee Fund Raising and any gifts to the school.
- To be responsible for the proper recruitment of staff, except in respect of the Head teacher and deputy Head teacher, whose recruitment is covered separately.
- To be responsible for the allocation of Teaching & Learning Responsibility Payments (TLRs) and any consultation with staff groups about such matters as they see fit.
- To recommend a pay policy to the Board of Governors.
- To implement the Board of Governors, pay policy and determine pay and annual progression.
- To decide matters of early retirement.
- To meet the Board of Governors responsibilities under the Disability Discrimination Act 1996 especially in the area of employment.
- To monitor the implementation of the School Improvement Plan regarding staffing, staffing structure and staff development, and premises management.
- To manage the Board of Governors responsibilities for Health and Safety at Work.
- To review and approve relevant non-statutory policies.
- To oversee the ESFA Audit and Returns.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
R Kennedy	4	4
S Weal	4	4
A Hart	2	4
T Smith	4	4
P Jones	1	4
N Peace	3	4
E Craven	2	2

The academy considers annually its governance arrangements to ensure the effectiveness of the board of trustees. The review includes consideration of the composition of the board, membership of committees and their terms of reference. It also looks to identify any skill gaps where the recruitment of new trustees would be beneficial.

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

The Accounting Officer for the academy has delivered improved value for money during the year by:

- Continuing to work collaboratively as part of the Bournemouth Septenary Umbrella Trust to make joint purchases of goods and services to include economy of scale savings as part of a larger group/organisation. This includes savings on IT provision, first aid and other training costs and accounting software.
- Further increasing the number of external regular lettings outside of school hours to bring in further revenue for the school.
- Continually reviewing service level agreements to ensure good value for money and changing provider of services where savings could be made. For example, changing suppliers for lift and kitchen maintenance.
- Implementing tighter budget controls on consumables cost centres and sourcing cheaper suppliers of equivalent quality items.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in St Michael's Church of England Primary School for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

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

The board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Griffin, the external auditors, to perform additional checks.

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

- Purchases and cash payments
- Payroll
- Income and cash receipts
- Fixed assets
- Budgets and Financial Monitoring
- Regularity
- Risk Management

On a semi-annual basis, the external auditors report to the board of Trustees through the finance and general purposes committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

The internal auditor delivered their schedule of work as intended and a plan is in place to address weaknesses and ensure continuous improvement.

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:

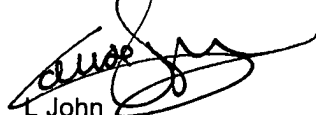
- the work of the external auditors;
- the financial management and governance self-assessment process;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the board of Trustees on and signed on their behalf by:



L. John
Chair of Trustees 5/12/19



R Kennedy
Accounting Officer 5/12/19

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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

R Kennedy

R Kennedy
Accounting Officer

Date: 5/12/19

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
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STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2019

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

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

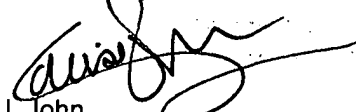
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 and signed on its behalf by:


L John
Chair of Trustees 5/12/19.

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST
MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL**

Opinion

We have audited the financial statements of St Michael's Church of England Primary School (the 'academy') for the year ended 31 August 2019 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST
MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL (CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST
MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL (CONTINUED)**

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

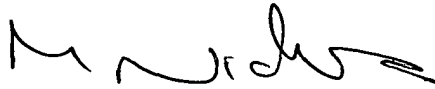
Use of our report

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

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL

(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF ST
MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL (CONTINUED)**

 16/12/19

Misty Nickells FCA (Senior statutory auditor)

for and on behalf of

Griffin

Chartered Accountants
Statutory Auditors

Silverdown Office Park
Exeter Airport Business Park
Exeter
EX5 2UX

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ST
MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL AND THE EDUCATION & SKILLS FUNDING
AGENCY**

In accordance with the terms of our engagement letter dated 21 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by St Michael's Church of England Primary School during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of St Michael's Church of England Primary School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of St Michael's Church of England Primary School's funding agreement with the Secretary of State for Education dated 1 May 2016 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

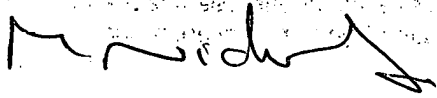
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

Conclusion

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

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ST
MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL AND THE EDUCATION & SKILLS FUNDING
AGENCY (CONTINUED)**



Misty Nickells FCA

Griffin

Silverdown Office Park
Exeter Airport Business Park
Exeter
EX5 2UX

Date: 16 / 12 / 19

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
Income from:						
Donations and capital grants	3	62,800	-	34,871	97,671	137,420
Charitable activities		49,702	2,615,764	-	2,665,466	2,637,917
Other trading activities		141,862	-	-	141,862	173,936
Investments	6	174	-	-	174	164
Total income		254,538	2,615,764	34,871	2,905,173	2,949,437
Expenditure on:						
Raising funds		88,459	-	-	88,459	83,117
Charitable activities		108,594	2,784,150	86,062	2,978,806	3,038,019
Total expenditure		197,053	2,784,150	86,062	3,067,265	3,121,136
Net income/(expenditure)		57,485	(168,386)	(51,191)	(162,092)	(171,699)
Transfers between funds	16	-	(25,614)	25,614	-	-
Net movement in funds before other recognised gains/(losses)		57,485	(194,000)	(25,577)	(162,092)	(171,699)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	21	-	(305,000)	-	(305,000)	367,000
Net movement in funds		57,485	(499,000)	(25,577)	(467,092)	195,301
Reconciliation of funds:						
Total funds brought forward		111,906	(1,252,000)	80,497	(1,059,597)	(1,254,898)
Net movement in funds		57,485	(499,000)	(25,577)	(467,092)	195,301
Total funds carried forward		169,391	(1,751,000)	54,920	(1,526,689)	(1,059,597)

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 27 to 50 form part of these financial statements.

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

BALANCE SHEET
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	54,920	67,350
		<u>54,920</u>	<u>67,350</u>
Current assets			
Debtors	14	64,068	107,202
Cash at bank and in hand		303,808	284,654
		<u>367,876</u>	<u>391,856</u>
Creditors: amounts falling due within one year	15	(198,485)	(266,803)
Net current assets		<u>169,391</u>	<u>125,053</u>
Total assets less current liabilities		<u>224,311</u>	<u>192,403</u>
Net assets excluding pension liability		<u>224,311</u>	<u>192,403</u>
Defined benefit pension scheme liability	21	(1,751,000)	(1,252,000)
Total net assets		<u><u>(1,526,689)</u></u>	<u><u>(1,059,597)</u></u>
Funds of the academy			
Restricted funds:			
Fixed asset funds	16	54,920	80,497
Restricted funds excluding pension asset	16	54,920	80,497
Pension reserve	16	(1,751,000)	(1,252,000)
Total restricted funds	16	<u>(1,696,080)</u>	<u>(1,171,503)</u>
Unrestricted income funds	16	<u>169,391</u>	<u>111,906</u>
Total funds		<u><u>(1,526,689)</u></u>	<u><u>(1,059,597)</u></u>

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

BALANCE SHEET (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 22 to 50 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:



L John
Chair of Trustees 5/12/19

The notes on pages 27 to 50 form part of these financial statements.

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Net cash used in operating activities	18	(4,322)	(11,211)
Cash flows from investing activities	19	23,476	77,709
Change in cash and cash equivalents in the year		19,154	66,498
Cash and cash equivalents at the beginning of the year		284,654	218,156
Cash and cash equivalents at the end of the year	20	303,808	284,654

The notes on pages 27 to 50 form part of these financial statements

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

St Michael's Church of England Primary School meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

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

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

• **Sponsorship income**

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities in the year in which it is receivable (where there are no performance-related conditions) where receipt is probable and it can be measured reliably.

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.3 Income (continued)

- **Donations**

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

- **Other income**

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

1.4 Expenditure

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All expenditure is inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.6 Tangible fixed assets

Assets costing £1000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

Leasehold property	- 50 years straight line
Furniture and equipment	- 7 year straight line
Plant and machinery	- 3 year straight line

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

1.7 Debtors

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

1.8 Cash at bank and in hand

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

1.9 Liabilities

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

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.10 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. 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. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

1.11 Pensions

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

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

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

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

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.12 Fund accounting

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

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

The Academy obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

3. Income from donations and capital grants

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Donations	62,800	-	62,800	46,428
Capital Grants	-	34,871	34,871	90,992
	62,800	34,871	97,671	137,420
<i>Total 2018</i>	46,428	90,992	137,420	

4. Funding for the academy's education

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
DfE/ESFA grants				
General Annual Grant	-	2,221,917	2,221,917	2,077,791
Other DfE/ESFA Grants	-	163,733	163,733	148,324
Pupil Premium	-	147,119	147,119	156,728
	-	2,532,769	2,532,769	2,382,843
Other government grants				
Special Educational Needs	-	17,924	17,924	41,084
Other government grants non capital	-	-	-	83,304
	-	17,924	17,924	124,388
Other funding				
Sales to students	49,702	-	49,702	55,775
Nursery income funded	-	65,071	65,071	74,911
	49,702	2,615,764	2,665,466	2,637,917
<i>Total 2018</i>	55,775	2,582,142	2,637,917	

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

5. Income from other trading activities

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Hire of facilities	34,155	34,155	27,585
Other	107,707	107,707	146,351
	<u>141,862</u>	<u>141,862</u>	<u>173,936</u>

6. Investment income

	Unrestricted funds 2019 £	Total funds 2019 £	<i>Total funds 2018 £</i>
Bank interest	174	174	164
	<u>174</u>	<u>174</u>	<u>164</u>

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

7. Expenditure

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Expenditure on raising voluntary income:					
Direct costs	-	-	37,941	37,941	36,553
Expenditure on fundraising trading activities:					
Direct costs	46,173	-	4,345	50,518	46,564
Education:					
Direct costs	1,971,562	-	126,856	2,098,418	2,116,055
Allocated support costs	435,276	103,453	341,659	880,388	921,964
	<u>2,453,011</u>	<u>103,453</u>	<u>510,801</u>	<u>3,067,265</u>	<u>3,121,136</u>
<i>Total 2018</i>	<u><u>2,471,753</u></u>	<u><u>143,343</u></u>	<u><u>506,040</u></u>	<u><u>3,121,136</u></u>	

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Education	<u>2,098,418</u>	<u>880,388</u>	<u>2,978,806</u>	<u>3,038,019</u>
<i>Total 2018</i>	<u><u>2,116,055</u></u>	<u><u>921,964</u></u>	<u><u>3,038,019</u></u>	

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

8. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Total funds 2019 £	Total funds 2018 £
Staff costs	1,912,345	1,976,233
Depreciation	20,595	20,582
Educational supplies	31,802	24,469
Staff development	9,776	10,919
Other costs	45,237	43,142
Supply teachers	59,217	20,114
Technology costs	19,446	20,596
	<u>2,098,418</u>	<u>2,116,055</u>

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2019 £	Total funds 2018 £
Pension income	32,000	35,000
Staff costs	435,276	431,264
Depreciation	3,404	3,146
Other costs	1,168	1,801
Maintenance of premises and equipment	17,481	50,571
Cleaning	44,664	46,294
Rent and rates	18,749	16,567
Heat and light	22,559	29,147
Insurance	13,800	12,837
Security and transport	12,749	14,878
Catering	113,832	108,985
Technology costs	23,301	17,837
Office overheads	44,618	41,601
Legal and professional	28,629	25,025
Bank interest and charges	1,487	1,280
Improvements to diocesan property	62,063	79,858
Governance costs	4,608	5,873
	880,388	921,964

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £	2018 £
Operating lease rentals	43,498	37,300
Depreciation of tangible fixed assets	22,738	23,728
Fees paid to auditors for:		
Auditors' remuneration - audit	2,900	2,800
Auditors' remuneration - other services	1,895	1,895

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	1,779,387	1,819,748
Social security costs	142,921	143,147
Pension costs	471,486	488,744
	<u>2,393,794</u>	<u>2,451,639</u>
Agency staff costs	59,217	20,114
	<u>2,453,011</u>	<u>2,471,753</u>

Staff restructuring costs comprise:

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	34	32
Administration and support	49	53
Management	4	5
	<u>87</u>	<u>90</u>

The average headcount expressed as full-time equivalents was:

	2019 No.	2018 No.
Teachers	28	28
Administration and support	37	40
Management	4	5
	<u>69</u>	<u>73</u>

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

10. Staff costs (continued)

c. Higher paid staff

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

	2019 No.	2018 No.
In the band £70,001 - £80,000	<u>1</u>	<u>1</u>

d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £294,314 (2018: £344,290).

11. Trustees' remuneration and expenses

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy. 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:

		2019 £	2018 £
R Kennedy, Head Teacher	Remuneration	75,000 -	70,000 -
		80,000	75,000
	Pension contributions paid	10,000 -	10,000 -
		15,000	15,000
M Clark	Remuneration	30,000 -	30,000 -
		35,000	35,000
	Pension contributions paid	5,000 -	5,000 -
		10,000	10,000

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

12. Trustees' and Officers' insurance

In accordance with normal commercial practice, the academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the year ended 31 August 2019 was £NIL (2018 - £NIL). The cost of this insurance is included in the total insurance cost.

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

13. Tangible fixed assets

	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation			
At 1 September 2018	81,986	69,333	151,319
Additions	2,732	8,837	11,569
At 31 August 2019	<u>84,718</u>	<u>78,170</u>	<u>162,888</u>
Depreciation			
At 1 September 2018	26,083	57,886	83,969
Charge for the year	11,852	12,147	23,999
At 31 August 2019	<u>37,935</u>	<u>70,033</u>	<u>107,968</u>
Net book value			
At 31 August 2019	<u><u>46,783</u></u>	<u><u>8,137</u></u>	<u><u>54,920</u></u>
At 31 August 2018	<u><u>55,903</u></u>	<u><u>11,447</u></u>	<u><u>67,350</u></u>

St Michael's Primary School has been granted use of the school buildings from The Dioceses of Portsmouth and Winchester, under a supplemental agreement that does not require the school to pay rent. This agreement includes a two year notice period. The land and buildings have not been recognised as assets of the academy on the basis that the academy trust's rights over the premises do not meet the definition of an asset, as it does not have control over access or works. Whilst the church allows the academy trust access to the premises, it can revoke this at any time subject to a two year notice period. In addition the supplemental agreement states that the church is required to give consent to capital works.

14. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	3,593	2,314
VAT recoverable	11,982	29,439
Prepayments and accrued income	48,493	75,449
	<u><u>64,068</u></u>	<u><u>107,202</u></u>

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

15. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	41,920	60,102
Other taxation and social security	35,332	33,220
Other creditors	39,614	36,738
Accruals and deferred income	81,619	136,743
	<u>198,485</u>	<u>266,803</u>
	2019 £	2018 £
Deferred income at 1 September 2018	87,106	97,838
Resources deferred during the year	64,157	87,106
Amounts released from previous periods	(87,106)	(97,838)
	<u>64,157</u>	<u>87,106</u>

At the balance sheet date the academy was holding funds received in advance of the 2019/20 financial year.

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

16. Statement of funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds						
General Funds	111,906	254,538	(197,053)	-	-	169,391
Restricted general funds						
General Annual Grant (GAG)	-	2,233,797	(2,208,183)	(25,614)	-	-
Rates Relief	-	9,653	(9,653)	-	-	-
Pupil Premium	-	147,119	(147,119)	-	-	-
Higher Needs Funding	-	17,924	(17,924)	-	-	-
Other Grants	-	207,271	(207,271)	-	-	-
Pension reserve	(1,252,000)	-	(194,000)	-	(305,000)	(1,751,000)
	<u>(1,252,000)</u>	<u>2,615,764</u>	<u>(2,784,150)</u>	<u>(25,614)</u>	<u>(305,000)</u>	<u>(1,751,000)</u>
Restricted fixed asset funds						
Transferred on Conversion	32,281	-	(8,456)	-	-	23,825
ESFA Capital Grants	22,341	34,871	(50,679)	-	-	6,533
Assets Purchased From GAG	22,703	-	(26,457)	25,614	-	21,860
Other DFE/ESFA Grants	3,172	-	(470)	-	-	2,702
	<u>80,497</u>	<u>34,871</u>	<u>(86,062)</u>	<u>25,614</u>	<u>-</u>	<u>54,920</u>
Total Restricted funds	<u>(1,171,503)</u>	<u>2,650,635</u>	<u>(2,870,212)</u>	<u>-</u>	<u>(305,000)</u>	<u>(1,696,080)</u>
Total funds	<u>(1,059,597)</u>	<u>2,905,173</u>	<u>(3,067,265)</u>	<u>-</u>	<u>(305,000)</u>	<u>(1,526,689)</u>

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

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

16. Statement of funds (continued)

General Annual Grant (GAG)

Income from the ESFA which is to be used for the normal running costs of the academy, including education and support costs.

Pupil Premium

Funding received from the ESFA for children that qualify for free school meals to enable the academy to address the current underlying inequalities between those children and their wealthier peers.

Higher Needs funding

Income received from the Local Authority to fund further support for pupils with additional needs.

Other revenue grants include:

Universal Infant Free School Meals income provided by the ESFA to fund a free school meal to every pupil in reception and years 1 and 2, as well as Early Years Funding provided for 3 and 4 year olds.

Pension Reserve

The academy's share of the assets and liabilities in the Local Government Pension Scheme. This is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an academy.

Fixed assets transferred on conversion

This represents the buildings and equipment donated to the school from the Dioceses of Portsmouth and Winchester and Local Authority on conversion to an academy.

Fixed assets purchased from GAG

This represents funds transferred from the restricted GAG fund to purchase fixed assets.

DfE/ESFA capital grants

Devolved Formula Capital funding from the ESFA to cover the maintenance and purchase of the academy's assets.

Other DfE/ESFA grants

This represents funds transferred from the DfE/ESFA revenue grants to purchase fixed assets.

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

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

16. Statement of funds (continued)

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

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
Unrestricted funds						
General Funds	67,972	276,303	(232,369)	-	-	111,906
Restricted general funds						
General Annual Grant (GAG)	-	2,078,391	(2,075,719)	(2,672)	-	-
Pupil Premium	-	156,728	(156,728)	-	-	-
Higher Needs Funding	-	41,084	(41,084)	-	-	-
Other Grants	-	305,939	(302,650)	(3,289)	-	-
Pension Reserve	(1,410,000)	-	(209,000)	-	367,000	(1,252,000)
	<u>(1,410,000)</u>	<u>2,582,142</u>	<u>(2,785,181)</u>	<u>(5,961)</u>	<u>367,000</u>	<u>(1,252,000)</u>
Restricted fixed asset funds						
Transfer on Conversion	41,417	-	(9,136)	-	-	32,281
DFE/ESFA Capital Grants	16,082	90,992	(84,733)	-	-	22,341
Assets Purchased From GAG	29,631	-	(9,600)	2,672	-	22,703
Other DFE/ESFA Grants	-	-	(117)	3,289	-	3,172
	<u>87,130</u>	<u>90,992</u>	<u>(103,586)</u>	<u>5,961</u>	<u>-</u>	<u>80,497</u>
Total Restricted funds	<u>(1,322,870)</u>	<u>2,673,134</u>	<u>(2,888,767)</u>	<u>-</u>	<u>367,000</u>	<u>(1,171,503)</u>

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

16. Statement of funds (continued)

	<i>Balance at 1 September 2017</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2018</i>
	£	£	£	£	£	£
Total funds	(1,254,898)	2,949,437	(3,121,136)	-	367,000	(1,059,597)

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019	Restricted funds 2019	Restricted fixed asset funds 2019	Total funds 2019
	£	£	£	£
Tangible fixed assets	-	-	54,920	54,920
Current assets	367,876	-	-	367,876
Creditors due within one year	(198,485)	-	-	(198,485)
Provisions for liabilities and charges	-	(1,751,000)	-	(1,751,000)
Total	169,391	(1,751,000)	54,920	(1,526,689)

Analysis of net assets between funds - prior year

	Unrestricted funds 2018	Restricted funds 2018	Restricted fixed asset funds 2018	Total funds 2018
	£	£	£	£
Tangible fixed assets	-	-	67,350	67,350
Current assets	378,709	-	13,147	391,856
Creditors due within one year	(266,803)	-	-	(266,803)
Provisions for liabilities and charges	-	(1,252,000)	-	(1,252,000)
Total	111,906	(1,252,000)	80,497	(1,059,597)

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

18. Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the year (as per Statement of financial activities)	(162,092)	(171,699)
Adjustments for:		
Depreciation	23,999	23,728
Capital grants from DfE and other capital income	(34,871)	(90,992)
Interest receivable	(174)	(164)
Defined benefit pension scheme cost less contributions payable	162,000	174,000
Defined benefit pension scheme finance cost	32,000	35,000
Decrease/(increase) in debtors	43,134	(24,313)
(Decrease)/increase in creditors	(68,318)	43,229
Net cash used in operating activities	(4,322)	(11,211)

19. Cash flows from investing activities

	2019 £	2018 £
Dividends, interest and rents from investments	174	164
Purchase of tangible fixed assets	(11,569)	(5,961)
Capital grants from DfE Group	34,871	83,506
Net cash provided by investing activities	23,476	77,709

20. Analysis of cash and cash equivalents

	2019 £	2018 £
Cash in hand	303,808	284,654
Total cash and cash equivalents	303,808	284,654

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

21. Pension commitments

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

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

Contributions amounting to £24,331 were payable to the schemes at 31 August 2019 (2018 - £21,636) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

21. Pension commitments (continued)

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

The employer's pension costs paid to TPS in the year amounted to £182,361 (2018 - £186,319).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £165,000 (2018 - £168,000), of which employer's contributions totalled £127,000 (2018 - £130,000) and employees' contributions totalled £ 38,000 (2018 - £38,000). The agreed contribution rates for future years are 18.8 per cent for employers and 5.5-6.8 per cent for employees.

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

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	3.65	3.80
Rate of increase for pensions in payment/inflation	2.15	2.30
Discount rate for scheme liabilities	1.90	2.70
Inflation assumption (CPI)	2.15	2.30

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	22.9	24.0
Females	24.8	26.1
<i>Retiring in 20 years</i>		
Males	24.6	26.3
Females	26.6	28.5

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

21. Pension commitments (continued)

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	(91)	(68)
Discount rate -0.1%	93	70
Mortality assumption - 1 year increase	103	73
Mortality assumption - 1 year decrease	(99)	(71)
CPI rate +0.1%	85	63
CPI rate -0.1%	(82)	(61)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	662,000	568,000
Gilts	170,000	130,000
Corporate bonds	92,000	72,000
Property	135,000	105,000
Cash and other liquid assets	34,000	10,000
Investment funds	76,000	62,000
Infrastructure	68,000	44,000
Multi asset credit	60,000	48,000
Total market value of assets	1,297,000	1,039,000

The actual return on scheme assets was £95000 (2018 - £96,000).

The amounts recognised in the Statement of financial activities are as follows:

	2019 £	2018 £
Current service cost	(249,000)	(303,000)
Past service cost	(39,000)	-
Interest income	30,000	24,000
Interest cost	(62,000)	(59,000)
Administrative expenses	(1,000)	(1,000)
Total amount recognised in the Statement of financial activities	(321,000)	(339,000)

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

21. Pension commitments (continued)

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

	2019 £	2018 £
At 1 September	2,291,000	2,261,000
Current Service Cost	249,000	303,000
Interest cost	62,000	59,000
Employee contributions	38,000	38,000
Actuarial losses/(gains)	370,000	(369,000)
Benefits paid	(1,000)	(1,000)
Past service costs	39,000	-
At 31 August	3,048,000	2,291,000

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

	2019 £	2018 £
At 1 September	1,039,000	851,000
Interest income	30,000	24,000
Actuarial gains/(losses)	65,000	(2,000)
Employer contributions	127,000	130,000
Employee contributions	38,000	38,000
Benefits paid	(1,000)	(1,000)
Administrative Expenses	(1,000)	(1,000)
At 31 August	1,297,000	1,039,000

ST MICHAEL'S CHURCH OF ENGLAND PRIMARY SCHOOL
(A company limited by guarantee)

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

22. Operating lease commitments

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

	2019 £	2018 £
Amounts payable:		
Within 1 year	43,194	38,798
Between 1 and 5 years	20,258	48,765
	<u>63,452</u>	<u>87,563</u>

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. 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.