

SHIPSTON HIGH SCHOOL
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 AUGUST 2019



Company Limited by Guarantee
Registration Number: 08174462
(England & Wales)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, MEMBERS, TRUSTEES AND ADVISORS

Members	P Chapman R Baldwin C Saint B Punt C Saint D Squires
Trustees	P Chapman (Community Trustee and Chair)* R Baldwin (Community Trustee and Vice Chair) D Beeton (Co-opted Trustee) ** S Davies (Staff Trustee) F Hudson (Community Trustee) C Kovacs (Staff Trustee)* B Punt (Co-opted Trustee and Vice Chair) C Saint (Community Trustee)* G Saunders (Headteacher and Accounting Officer)* ** D Squires (Co-opted Trustee and Vice Chair)* R Willis (Community Trustee)** (Resigned 22 nd October 2019) T Wilson (Parent Trustee and Vice Chair)* * = members of the Resources committee ** = members of the Audit committee
Company Secretary	C Atkins (appointed 10 June 2019) Y Meads (resigned 31 May 2019)
Senior Management Team	
Headteacher	G Saunders
Deputy Headteacher	C White
Deputy Headteacher	R Harris
Assistant Headteacher	A Larkin
Business Manager	C Atkins (appointed 10 June 2019) Y Meads (resigned 31 May 2019)
Registered Office	Shipston High School Darlingscote Road Shipston-On-Stour CV36 4DY
Company Registration No	08174462
Independent Auditor	UHY Hacker Young (Birmingham) LLP 9-11 Vittoria Street Birmingham B1 3ND
Bankers	Lloyds Bank 22 Bridge Street Stratford-upon-Avon Warwickshire CV37 6AG

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2019. The trust operates an academy for pupils aged 11 to 16 serving a priority area in Shipston on Stour and surrounding area. Pupils are from a wide area covering Warwickshire, Gloucestershire and Oxfordshire. The academy's PAN (Planned Admission Numbers) was 120 (2018 : 120) for Year 7 for the academic year 2018/19 and it had a roll of 515 (2018 : 485) in the school's Autumn Census in October 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT**Constitution**

The academy trust is a company limited by guarantee with no share capital (Registration Number: 08174462) and is an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Shipston High School Limited are also the directors of the charitable company for the purposes of company law. The charitable company is known as Shipston High School.

Details of the trustees who served during the year except as noted are included in the Reference and Administrative Details on page 3.

Role of Members

The members of an academy trust have a different status from the trustees. The members are the subscribers to the trust's memorandum of association, and any other individuals permitted to become members under its articles of association. Members have an overview of the governance arrangements of the trust and have the power to appoint trustees and remove these trustees. Members can amend the articles and may do so to support stronger governance arrangements. Maintaining a distinction between members and trustees ensures that members, independent of trustees, provide oversight and challenge.

Members' Liability

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

Trustees' Indemnities

Shipston High School is in the DfE's Risk Protection Arrangement (RPA) which covers an unlimited indemnity for the directors and trustees.

Method of Recruitment and Appointment or Election of Trustees

There are clearly defined and approved procedures for the selection and appointment of trustees which are outlined in the company's Articles of Association. Consideration is given to the skills of trustees which would enhance the effectiveness of the trust.

With regard to parent and staff trustees, procedures are in place for nomination and election of trustees.

Policies and Procedures Adopted for the Induction and Training of Trustees

There is a process for inducting new trustees. A range of training is also offered to trustees each year. Training undertaken will depend on their experience and their roles.

Organisational Structure

The managerial structure consists of three levels: the Members, the Board of Trustees and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Members are the group elected by the Trustees to have an overview of the governance arrangements of the trust, so have the power to appoint and remove trustees. The Members are responsible for the Articles of Association to ensure that the school delivers its stated aim. The key role of Members is to deliver a high standard of oversight and challenge.

The trustees are responsible for setting strategic directions and general policies, adopting an annual School Development Plan and budgets, monitoring the academy through the use of budgets and making major decisions about the direction of the academy, capital expenditure and staff appointments, and for ensuring that it is solvent, well-run and delivering the Academy's charitable outcomes for the benefit of the public.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Organisational Structure (cont'd)**

The Senior Leaders are the Headteacher, two Deputy Headteachers, one Assistant Headteacher and the School Business Manager. These leaders manage the trust at an executive level, implementing the policies laid down by the trustees and reporting back to them. As a group, the Senior Leaders are responsible for the authorisation of spending within agreed budgets following the trust's Financial Management Policy and Procedures Manual, the Scheme of Delegation and the appointment of staff (except members of the Senior Leadership Team).

There is further budget devolvement to other middle managers.

Arrangements for setting pay and remuneration of key management personnel

The Headteacher and other staff trustees receive remuneration in respect of the services they provide as employed members of Shipston High School staff as defined by their contracts of employment, and not in respect of their role as trustees. The value of the trustees' remuneration (including pension payments and contributions) is detailed in note 10.

Trade union officials

There are no employees who were union officials during the period.

Connected Organisations, including Related Party Relationships

There are no connected organisations to Shipston High School.

OBJECTIVES AND ACTIVITIES**Objects and Aims**

The academy trust's objects are specifically restricted to the following: -

- (a) to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum;
- (b) to promote positive links, as much and as practically possible, between the school and the local and wider community for mutual benefit.

To achieve this, the academy identified the following priorities for the period: -

- To ensure that all students reach or exceed expected standards of attainment and make at least good and increasingly outstanding progress.
- To develop the learning-centred leadership skills of all staff and trustees to a consistently outstanding quality.
- To develop the quality of teaching and learning so that 100% is good or outstanding.
- To develop the skills, performance and capacity of teaching and support staff so that they become reflective practitioners, working to a consistently high standard.
- To address any areas for development identified through the most recent Ofsted inspection and implement an appropriate action plan.

Principal Activities

The mission of Shipston High School is to prepare young people to play an active part in society by providing them with the exceptional skills, qualifications and attitudes that will benefit themselves and others, locally, nationally and internationally.

Our vision is for a school that is:

- Growing – As a school of good reputation in a thriving area, we will provide sufficient capacity to meet local needs (forecast to be 600 places by 2021); enhancing both our school and the local community.
- Outward facing – We will collaborate widely and openly with schools and community partners to develop our provision and share our expertise.
- Modern – Shipston High School will strive to improve its physical environment to provide a contemporary and relevant resource for the community; a 21st century learning space.
- Exceptional – Targeting excellence in all aspects of school provision, to provide an outstanding education for our students.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Objects, Strategies and Activities**

To meet these priorities the academy has adopted a number of strategies and activities that include: -

- Ensuring an appropriate curriculum for all learners in Key Stage 3 and 4 which caters, as far as available resources allow, for the full range of abilities and interests as well as statutory requirements.
- Ensuring all teaching and learning in the school is at least good with much of it being outstanding through development and implementation of a 'CPD Programme' for all staff which makes use of outside expertise to deliver specific training as well as the sharing of good practice within the school.
- Promoting the spread of high quality teaching and learning through the employment of staff self-evaluation, and quality assurance practices.
- Continuing to develop the academy's policies and procedures for implementing an effective system of appraisal for all staff.
- Ensuring the rigorous monitoring of student progress and achievement.
- Ensuring the rigorous monitoring of departments and subjects, including through the careful analysis of examination performance, and providing intervention and support to any identified as being in need of improvement.
- Reviewing and evaluating the academy's staffing structure at every opportunity to ensure all roles are supporting the improvement of pupil progress.
- Further developing and reviewing the school's systems for tracking and monitoring the progress of individuals as well as groups of students to enable the implementation of effective intervention measures to ensure all students achieve at least expected progress.
- Continuing to build on the academy's aspirational, student-centred ethos through maintaining and developing the range of activities designed to promote it.

Public Benefit

Trustees have consideration to the Charity's Commission's general guidance on public benefit and in particular to its supplementary guidance on education. As noted above, the academy trust's objective is to advance for the public benefit education in the United Kingdom.

STRATEGIC REPORT**Achievements and Performance**

The performance of the school is monitored against its aims and objectives. The annual School Development Plan defines these each year. The Headteacher and senior staff monitor the school's achievements through our self evaluation process (SEF), which is in turn monitored via governance. The performance indicators, as defined by the SEF, enable senior staff and governors to monitor progress and plan appropriate action if targets are considered at risk of not being met. All staff are subject to annual appraisal procedures where performance targets are driven by pupil progress, school, priorities, and individual roles. Academic activities: Shipston High School's academic performance in 2019 was good, with a strong performance in GCSE examinations for English and Maths. In 2019 the school received its seventh set of external KS4 results since converting to academy status. The results were ahead of national averages: 75% of students achieved a grade 4 or better in English. 78% gained a grade 4 or better in Maths. Progress 8 is provisionally -0.17 (average) for the year group. The school is now focussed on securing strong levels of progress for all pupils, including those in receipt of the pupil premium. For the forthcoming year, the school leaders are prioritising the development of teaching and learning for all pupils. Our self evaluation continues to place all categories as at least good, with some areas considered outstanding.

In spring 2018, the school was inspected by Ofsted. The overall performance of the school was judged as grade 2, Good. Pupils' conduct is described as 'commendable'. During this year the school has focussed on areas for development highlighted by the 2018 report. The SDP addressed these issues and will continue to do so in 2019/20. School self evaluation places all categories as good or outstanding. The local authority banded the school as 'A' by its own criteria, which cites Shipston High as a strong school capable of leading others. The RSC office also reviewed the school this year, praising Shipston High as 'a capacity giver' to other schools.

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

For our most recent Year 11 cohort, all pupils secured a place in education or training for the September following their GCSE results (recorded as 0% NEET – not in employment, education or training). This is hugely impressive, and bucks national trends. Pupils follow a range of appropriate placements, with the majority securing high quality Level 3 provision.

The school continues to be extremely popular, with an increasing demand for places. In September 2015 a new suite of six classrooms opened, offering a state of the art environment for Maths and MFL lessons. We secured another £2.25 million capital grant from the Local Authority in 2016/17 to build a further teaching block in readiness for the 2018-19 academic year. This new addition opened in summer 2018, and will enable further capacity, allowing the school to grow to 600 places over the next five years. The school has worked with partners on the design and implementation of the new classroom block, which enhances the environment and efficiency of the school.

Key Financial Performance Indicators

The trust established a financial budget at the start of the year and then monitored performance against budget during the period. Further financial and non-financial indicators will be introduced as the trust develops. It is anticipated that benchmarking will be a key tool in ensuring the academy is delivering value for money.

	2019	2018
Pupil numbers	515	485
Staff costs as a % of revenue income received from ESFA	98%	90%
Staff costs as a % of total revenue grant income	93%	86%
Staff costs as a % of total costs	75%	82%
Capital expenditure per pupil	£210	£3,720

Going Concern

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

FINANCIAL REVIEW**Overview**

The principal source of funding for the academy is the General Annual Grant.

Most of the academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the period ended 31 August 2019 and the associated expenditure are shown as restricted funds in the statement of financial activities.

The academy also receives grants for fixed assets from the ESFA. In accordance with the Charities Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

At 31 August 2019 the net book value of fixed assets was £11,468,000 (2018: £11,637,000) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy, as well as agreed use by the community.

The Local Government Pension Scheme (LGPS) figures as at 31 August 2019 are based on projecting forward the estimated position at 1 September 2017 and assuming that the experience over the period, apart from investment returns, has been in line with the assumptions made at the start of the period.

The estimated FRS102 deficit at 31 August 2019 is £896,000 which compares to a deficit of £565,000 at 1 September 2018. The main reason for the increase in the deficit is because of:

- lower assumed rate of salary increases;
- higher assumed rate of future deferred pension revaluation and pension increases in payment;
- the difference between employer contributions and the service cost over the year;

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

- asset return over the year different to assumptions;
- assets at the date of admission to the fund were on a partially funded rather than fully funded basis;
- increased longevity of retiring members.

It should be noted that the balance sheet, profit and loss and statement of recognised gains and losses figures will be volatile over time. This is generally because the FRS102 liabilities are largely linked to corporate bond yields whereas the scheme invests a large part of its assets in equities.

Financial and Risk Management Objectives and Policies

The Trust's financial and risk management objectives are documented in its:

- Scheme of delegation;
- Financial management policy and procedures;
- Charging and Remissions policy;
- Lettings policy;
- Risk register;
- Business Continuity Plan;
- Whistleblowing policy;
- Gifts and Hospitality policy.

These documents are available on request, and particular items which warrant specific disclosure are noted within this annual report.

Reserves Policy

The trustees review the reserve levels of the academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees have determined that the minimum level of reserves should be equivalent to three months expenditure, approximately £750,000. The reason for this is 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. Any surplus reserves built up by the Academy are earmarked to cover:

- improving the curriculum and learning experiences of students at Shipston High School;
- additional staffing to accommodate the increasing student rolls despite lagged funding;
- planned capital expenditures;
- improving the quality of learning and social spaces and facilities within the academy;
- forecast increases in employer contributions to the Local Government Pension Scheme.

The value of free reserves after deducting 12 weeks working capital requirements are £Nil (2018:£178,000).

Financial Position

The Academy held fund balances at 31 August 2019 of £11,109,000 (2018: £11,951,000), after allowing for the pension deficit of £896,000 (£2018: £565,000); comprising £11,468,000 (2018: £11,745,000) of restricted funds and £537,000 (2018: £771,000) of unrestricted general funds.

Investment Policy

All investments are made in accordance with the policy of the trust. The trust's policy on investments are one of minimum risk with all investments being held with the trust's bankers. The trust will nevertheless seek to maximise interest receipts within this arrangement. This policy will be reviewed in the year ending 31 August 2020. Investments are made with regard to Charity Commission guidance in relation to investments.

PRINCIPLE RISKS AND UNCERTAINTIES

The board has considered the risks faced by the trust throughout its normal operational business. It has sought to address the risks faced by the trust by establishing appropriate governance and management arrangements, including the appointment of senior staff and other managers, and establishing robust operational policies. The board considers that these arrangements have been effective throughout the period being reported.

The board intends to build on this success by establishing a formal risk management policy, which will formally document the managerial action that is taking place, and should enable future risk management to be more systematic.

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

At the time of reporting, the trust's identified key risks are:

- The risk of real term reduction in government funding for schools and education;
- The risk of student achievement being below expectations and its impact on student numbers;
- The risk of inadequate building capacity and conditions affecting successful delivery of curriculum and jeopardise the longer term financial viability of the school;
- The risk of changes to funding mechanism not favourable with small rural schools;
- Impact of changes to curriculum, exams, Ofsted and rules and regulations that are out of our control;
- The future financial position of the LGPS pension scheme;
- The risk of losing key member(s) of staff and difficulties in recruitment and replacement.

Wherever possible, mitigating action, both current and planned, has been identified to address these risks. This is also true of all other risks that have been formally identified which have a lower level of impact and/or likelihood.

Risk Management

The major risks to which the academy trust is exposed have been identified on the academy's Risk Register and are identified in the Financial Review on page 7 and 8. Trustees have reviewed the risks to which the academy trust is exposed and systems and procedures have been and are being put in place to manage these.

Fundraising

Under the provisions of the Charities (Protection and Social Investment) Act 2016 the academy trust's approach to fundraising practices is not to fundraise for core educational purposes or to use professional fundraisers. However, the trust does encourage students to become involved in raising funds for other charitable causes, and any funds raised are paid in their entirety to the relevant charities.

Plans for Future Periods

The deficit position of the Local Government Pension Scheme may result in an increase in employers pension contributions over a period of years. It is intended that the Academy will revisit its current business plans and budgets and ascertain how the pension costs might impact on the budgets in the future.

The Academy is also actively seeking additional capital funding to address the building capacity and condition issues, notably for sports and related activities.

Auditors

In so far as the trustees are aware:

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

The Trustees' Report incorporating a Strategic Report was approved by the board of trustees, as the company directors on 11 December 2019 and signed on their behalf by:



P Chapman

Chair of Trustees

11 December 2019

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019**Scope of Responsibility**

As trustees, we acknowledge we have overall responsibility for ensuring that Shipston High 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, Gavin Saunders, 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 Shipston High School and the Secretary of State for Education. The board of trustees is also responsible for reporting to the Trust Members any material weaknesses or breakdowns in internal controls.

Governance

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

The board of members has formally met 2 times during the year ended 31 August 2019. Attendance during the year at meetings of the board of members was as follows:

Member	Meetings attended	Out of a Possible
P Chapman	2	2
R Armstrong	2	2
R Baldwin	2	2
C Saint	2	2
B Punt	2	2
T Russel	2	2
D Squires	2	2
Also in attendance: G Saunders (Headteacher)	2	2

The board of trustees has formally met 4 times during the year ended 31 August 2019. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a Possible
P Chapman - Chair	4	4
G Saunders	4	4
C Saint	4	4
D Beeton	2	4
R Willis	4	4
B Punt	4	4
T Wilson	4	4
C Kovacs	4	4
S Davies	3	4
D Squires	3	4
R Baldwin	4	4
F Hudson	3	4

Governance Review

The Academy trust reviews its governance arrangements on an annual basis. The outcome of the governance review is as follows:

- the character of the trust is preserved and developed;
- the activities of the trust are being undertaken in accordance with the academy trust deed;
- there is clarity of vision, ethos and strategic direction;
- the headteacher is held to account for the education of performance of the school and its pupils;
- the financial performance of the school is monitored and value for money obtained;
- governance by the Board of Trustees is effective.

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

The Board of trustees has met less than 6 times this year. Effective oversight of the academy trust funds is maintained by:

- regular meetings on matters of financial importance;
- review of monthly management accounts;
- Sub Committee meetings throughout the year;

The Resources Committee is a sub-committee of the main governing body. Its purpose is to develop the strategic direction and governance procedures on financial matters. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a Possible
C Saint – Chair (until 31/12/2018)	1	3
P Chapman	3	3
G Saunders	3	3
C Kovacs	3	3
T Wilson – Chair (from 01/01/2019)	3	3
Also in attendance: Y Meads (Business Manager)	2	2
C Atkins (Business Manager)	1	1

The Audit Committee is a sub-committee of the main governing body. Its purpose is to develop the internal audit direction and governance procedures of the trust on financial matters. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a Possible
D Squires - Chair	1	1
D Beeton	1	1
G Saunders	1	1
Also in attendance: Y Meads (Business Manager)	1	1

Review of Value for Money

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

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

- The Academy received a £2.25 million capital grant from the LA to increase the school's capacity further. Governors monitored the use of funds to ensure a satisfactory conclusion to the project and the final account.
- The Academy undertook a review of ICT provision, working with governors to identify a long term investment plan for the schools ICT provision.
- The Academy maintains a Register of Contracts and Leases and reviews regularly to ensure they remain competitive and value for money. It also uses procurement frameworks such as ESPO and Crescent, as well as independent suppliers and carries out benchmarking exercises with peer schools regularly.

The Purpose of the System of Internal Control

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

GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Capacity to Handle Risk**

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

The Risk and Control Framework

Shipston High School'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 to delegate the responsibility of managing the internal auditor to the Audit Committee. The Audit Committees' role includes giving advice on internal control matters and ensuring internal scrutiny checks are completed on the academy trust's financial systems. In particular the checks carried out in the current period included:

- review of 2017/18 Management Letter from the external auditor and action plan;
- trustees' register of business and pecuniary interests;
- checks of key financial and payroll controls

On an annual basis, the Audit Committee will provide a report to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. The Audit Committee has not identified any significant control weaknesses during the year with controls appearing to be operating satisfactorily.

The Academy Trust have also appointed UHY Hacker Young (Birmingham) LLP to perform an internal controls review. The review carried out during 2018/19 focussed on the following:

- Governance & Academies Financial Handbook Compliance
- Data & Information Security
- Procurement
- Payroll

The recommendations have all been accepted and will be implemented in the 2019/20 academic year.

Review of Effectiveness

As Accounting Officer of Shipston High School, 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 Audit Committee;
- the work of the external auditor;
- the financial management and governance self assessment process;
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the board of trustees on 11 December 2019 and signed on its behalf by

.....
P Chapman, Chair of Trustees

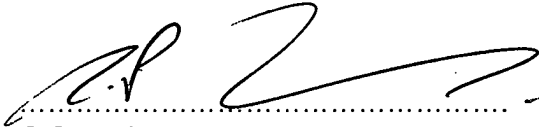
.....
G Saunders, Accounting Officer

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31 AUGUST 2019

As Accounting Officer of Shipston High School I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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

A handwritten signature in black ink, appearing to be 'G Saunders', written over a dotted line.

G Saunders
Accounting Officer

11 December 2019

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2019

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

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


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 11 December 2019 and signed on its behalf by:

.....

P Chapman
Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHIPSTON HIGH SCHOOL FOR THE YEAR ENDED 31 AUGUST 2019**Opinion**

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

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

In our opinion the financial statements:

- give a true and fair view of the state of the academy trust's affairs as at 31 August 2019, and of its incoming resources and application of resources, including its income and expenditure, for the 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 and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHIPSTON HIGH SCHOOL FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Other information**

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the trustees' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees (who are also the directors of the academy trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHIPSTON HIGH SCHOOL FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Auditor's responsibilities for the audit of the financial statements**

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

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

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

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



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Malcolm Winston

Senior Statutory Auditor

UHY Hacker Young (Birmingham) LLP, Statutory Auditor

9-11 Vittoria Street

Birmingham

B1 3ND

11 December 2019

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SHIPSTON HIGH SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 22 August 2019 and further to the requirements of the Education and 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 the academy trust during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Shipston High School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Shipston High School funding agreement with the Secretary of State for Education dated 4 September 2012, and the Academies Financial Handbook extant from 1 September 2018 for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

Summary of the work undertaken was as follows:

- Analytical review of the academy trust's general activities are within the academy trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and compliance;
- Review of the general control environment for the academy trust on financial statements and on regularity;

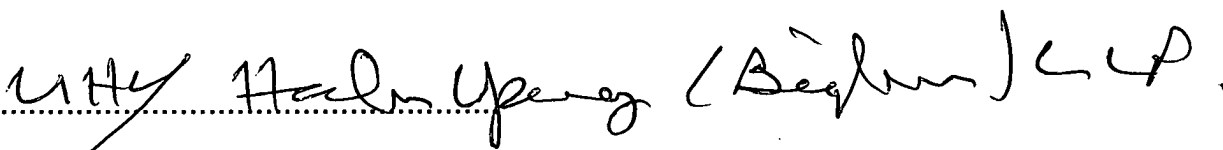
INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SHIPSTON HIGH SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

Approach (cont'd)

- Sample testing of expenditure transactions to ensure the activity is permissible within the academy trust's framework of authority;
- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the academy trust's delegated authorities;
- Formal representations obtained from the board of trustees and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, principal or trustees;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the principal/finance manager or trustees;
- Review of income received in accordance with the activities permitted within the academy trust's charitable objectives.

Conclusion

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



Reporting Accountant

UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND

11 December 2019

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2019

(Including Income and Expenditure Account)

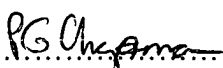
		Unrestricted	Restricted	Restricted	Total	Total
	Note	Funds	General	Fixed	2019	2018
		£'000	Funds	Asset	£'000	£'000
			£'000	Funds		
Income from:						
Donations and capital grants	3	3	-	38	41	1,868
Charitable activities:						
- Funding for the academy trust's educational operations	4	-	2,664	-	2,664	2,602
Other trading activities	5	80	-	-	80	103
Investment income	6	4	-	-	4	4
Total		87	2,664	38	2,789	4,577
Expenditure on:						
Raising funds	7	62	-	-	62	54
Charitable activities:						
- Academy trust's educational operations	7	-	3,045	277	3,322	3,008
Total		62	3,045	277	3,384	3,062
Net income/(expenditure)		25	(381)	(239)	(595)	1,515
Transfers between funds	16	(259)	252	7	-	-
Other recognised gains and losses						
Actuarial (loss)/gain on defined benefit pension schemes	26	-	(247)	-	(247)	149
Net movement in funds		(234)	(376)	(232)	(842)	1,664
Reconciliation of funds						
Total funds brought forward	16	771	(520)	11,700	11,951	10,287
Total funds carried forward	16	537	(896)	11,468	11,109	11,951

All of the academy trust's activities derive from acquisitions and continuing operations during the above two financial periods.

BALANCE SHEET AS AT 31 AUGUST 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible assets	12	<u>11,468</u>	<u>11,637</u>
		<u>11,468</u>	<u>11,637</u>
Current assets			
Debtors	13	104	123
Cash at bank and in hand		<u>671</u>	<u>1,025</u>
		<u>775</u>	<u>1,148</u>
Current liabilities			
Creditors: Amounts falling due within one year	14	<u>(226)</u>	<u>(255)</u>
Net current assets		<u>549</u>	<u>893</u>
Total assets less current liabilities		12,017	12,530
Creditors: Amounts falling due after more than one year	15	<u>(12)</u>	<u>(14)</u>
Net assets excluding pension liability		<u>12,005</u>	<u>12,516</u>
Defined benefit pension scheme liability	26	(896)	(565)
Total Net Assets		<u><u>11,109</u></u>	<u><u>11,951</u></u>
Funds of the Academy:			
Restricted funds			
- Fixed asset fund	16	11,468	11,700
- Restricted income fund	16	-	45
- Pension reserve	16	<u>(896)</u>	<u>(565)</u>
Total Restricted Funds		<u>10,572</u>	<u>11,180</u>
Unrestricted income fund	16	<u>537</u>	<u>771</u>
Total Unrestricted Funds		<u>537</u>	<u>771</u>
Total Funds		<u><u>11,109</u></u>	<u><u>11,951</u></u>

The financial statements on pages 20 to 40 were approved by the trustees and authorised for issue on 11 December 2019 and signed on their behalf by:

..... 

P Chapman
Chair of Trustees

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Net cash used in operating activities	20	(286)	(256)
Cash flows from investing activities	21	(66)	54
Cash flows from financing activities	22	(2)	(3)
Change in cash and cash equivalents in the reporting period		<u>(354)</u>	<u>(205)</u>
Cash and cash equivalents at 1 September		1,025	1,230
Cash and cash equivalents at 31 August	23	<u>671</u>	<u>1,025</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019**1 Statement of Accounting Policies**

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

Basis of Preparation

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

Shipston High School meets the definition of a public benefit entity under FRS 102.

Going Concern

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

Income

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

- **Grants**

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

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

- **Sponsorship income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it can be measured reliably.

- **Donations**

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

- **Other income**

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

- **Donated goods, facilities and services**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

- **Donated goods, facilities and services (cont'd)**

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

- **Transfers of leasehold property**

Leasehold property transferred to the Academy from the local authority at little or no consideration will be revalued at fair value in accordance with FRS 102. This value will be recognised as incoming resources in the Statement of Financial Activities and will be included in the appropriate fixed assets category and depreciated over the life of the lease.

Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £1,500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding 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 a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on leasehold land where the lease is more than 20 years. The principal annual rates used for other assets are:

Leasehold buildings	2%
Furniture and equipment	20%
Computer equipment and software	25%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Leased assets**

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

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Financial Instruments

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

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

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

Financial liabilities - trade creditors, accruals and other creditors are financial instrument, and are measured at amortised cost as detailed in notes 14 and 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.

Pensions Benefits

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

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

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

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

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**Critical accounting estimates and areas of judgement**

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, 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 judgement

The critical judgements that the Trustees have made in the process of applying the Academy Trust's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

The critical areas of judgement are accounting for government grants, accounting for the write down of assets through depreciation and accounting for the pension liability. Government grants are accounted for as restricted funds. The pension liability is assessed by an independent actuarial valuation. Depreciation rates are based on the expected life of the asset.

In assessing whether there have been any indicators of impairment assets, the Trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

2 GENERAL ANNUAL GRANT (GAG)

Under the funding agreement with the Secretary of State the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019 (see note 16).

3 DONATIONS AND CAPITAL GRANTS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Devolved formula capital grant	-	38	38	12
Capital Improvement Funding (ESFA)	-	-	-	70
Capital grant - expansion project (WCC)	-	-	-	1,772
Voluntary donations	3	-	3	14
	<u>3</u>	<u>38</u>	<u>41</u>	<u>1,868</u>

The income from donations and capital grants was £41,000 (2018: £1,868,000) of which £3,000 (2018: £3,000) was unrestricted, £Nil (2018: £11,000) restricted and £38,000 (2018: £1,854,000) restricted fixed assets.

4 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
DfE/ESFA grants				
General annual grant (GAG) (note 2)	-	2,488	2,488	2,466
Pupil premium grant	-	82	82	71
Year 7 catch up grant	-	7	7	6
Teachers pay grant	-	23	23	-
Other DfE/ESFA grant	-	6	6	-
	<u>-</u>	<u>2,606</u>	<u>2,606</u>	<u>2,543</u>
Other Government grants				
Special educational needs grant (WCC)	-	51	51	33
Pupil premium (WCC)	-	2	2	2
Pupil premium (BMDC)	-	2	2	2
Increase pupil numbers (WCC)	-	-	-	16
Skills for employment grant (WCC)	-	3	3	3
Build a Business Network grant (WCC)	-	-	-	3
	<u>-</u>	<u>58</u>	<u>58</u>	<u>59</u>
Other income from the academy trust's educational operations	-	-	-	-
	<u>-</u>	<u>2,664</u>	<u>2,664</u>	<u>2,602</u>

The income from the academy trusts' educational operations was restricted for both 2019 and 2018.

5 OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Sundry income	18	-	18	30
Lettings	19	-	19	21
Catering income	43	-	43	52
	<u>80</u>	<u>-</u>	<u>80</u>	<u>103</u>

The income from other trading activities was £80,000 (2018: £103,000) of which £80,000 (2018: £103,000) was unrestricted and £Nil (2018: £Nil) restricted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

6 INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Bank interest received	4	-	4	4
	<u>4</u>	<u>-</u>	<u>4</u>	<u>4</u>

The income from the academy trusts' investment income was unrestricted for both 2019 and 2018.

7 EXPENDITURE

	Staff Costs £'000	Non Pay Expenditure		Total 2019 £'000	Total 2018 £'000
		Premises £'000	Other Costs £'000		
Expenditure on raising funds					
Direct costs	-	-	-	-	-
Allocated support costs	62	-	-	62	54
Academy's educational operations					
Direct costs	2,213	-	104	2,317	2,111
Allocated support costs	279	218	508	1,005	897
	<u>2,492</u>	<u>218</u>	<u>612</u>	<u>3,322</u>	<u>3,008</u>
	<u>2,554</u>	<u>218</u>	<u>612</u>	<u>3,384</u>	<u>3,062</u>

The expenditure was £3,388,000 (2018: £3,062,000) of which £62,000 (2018: £54,000) was unrestricted, £3,049,000 (2018: £2,805,000) restricted and £277,000 (2018: £203,000) restricted fixed assets.

Net income/(expenditure) for the year includes:	£'000	£'000
Operating lease rentals	5	5
Depreciation	277	203
Fees payable to auditor for:		
Audit	4	4
Other services	2	2
	<u>2</u>	<u>2</u>

8 CHARITABLE ACTIVITIES

	Total 2019 £'000	Total 2018 £'000
Direct costs - educational operations	2,317	2,111
Support costs - educational operations	1,005	897
	<u>3,322</u>	<u>3,008</u>

Analysis of Support Costs

Support staff costs	279	289
Depreciation	277	203
Technology costs	20	16
Premises costs	218	172
Other support costs	198	203
Governance	13	14
	<u>1,005</u>	<u>897</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

9 STAFF

a Staff costs	2019	2018
Staff costs during the year were:	£'000	£'000
Wages and salaries	1,931	1,776
Social security costs	185	166
Pension costs	418	380
	<u>2,534</u>	<u>2,322</u>
Agency staff costs	20	23
	<u>2,554</u>	<u>2,345</u>

b Staff numbers

The average number of persons (including senior management team) employed by the academy trust during the year ended 31 August 2019 expressed as whole persons was as follows:

	2019	2018
Charitable Activities	No	No
Teachers	33	33
Administration and support	34	30
Management	5	5
	<u>72</u>	<u>68</u>
Governance activities	-	-
	<u>72</u>	<u>68</u>

c Higher paid staff

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

	2019	2018
	No	No
£60,001 - £70,000	2	2
£70,001 - £80,000	1	1
	<u>1</u>	<u>1</u>

d Key management personnel

The key management of the academy trust comprise the trustees and the senior management team as listed on page 3. 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 £375,221 (2018: £369,779).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

10 RELATED PARTY TRANSACTIONS - TRUSTEES' REMUNERATION AND EXPENSES

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Headteacher and other staff trustees receive remuneration in respect of their services as employees at the academy trust and not in respect of their services as trustees. Other trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as trustees. The value of trustee's remuneration and other remuneration was as follows:

	2019	2018
G Saunders (Headteacher and Trustee)		
Remuneration	£70,000 - £75,000	£70,000 - £75,000
Employers pension contribution	£10,000 - £15,000	£10,000 - £15,000
S Davies (Staff Trustee)		
Remuneration	£40,000 - £45,000	£40,000 - £45,000
Employers pension contribution	£5,000 - £10,000	£5,000 - £10,000
C Kovacs (Staff Trustee)		
Remuneration	£40,000 - £45,000	£40,000 - £45,000
Employers pension contribution	£5,000 - £10,000	£5,000 - £10,000

During the year ended 31 August 2019 £88 (2018: £248) was paid to 2 trustees (2018: 2 trustee) in travel expenses reimbursement.

Other related party transactions including trustees are set out in note 27.

11 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 academy has joined the DfE's Risk Protection Arrangement. The arrangement provides unlimited cover on any one claim and the cost for the year ended 31 August 2019 is included within the total insurance cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

12 TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings £'000	Furniture & Equipment £'000	Computer Equipment £'000	Assets Under Construction £'000	Total £'000
Cost					
At 1 September 2018	12,393	59	201	-	12,653
Additions	58	-	50	-	108
Transfers	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 August 2019	12,451	59	251	-	12,761
Depreciation					
At 1 September 2018	802	51	163	-	1,016
Charged in year	248	6	23	-	277
Disposals	-	-	-	-	-
At 31 August 2019	1,050	57	186	-	1,293
Net book value					
At 31 August 2019	11,401	2	65	-	11,468
At 31 August 2018	11,591	8	38	-	11,637

On 1 September 2012 the Academy's leasehold land and buildings were donated to the Academy by Warwickshire County Council (WCC) on 125 year lease at a pepper corn rent. On 31 March 2013 an existing use valuation was prepared for the Education and Skills Funding Agency by a firm of Chartered Surveyors Mouchel that the leasehold land and buildings gifted had a depreciated replacement cost value of £7,602,000.

13 DEBTORS

	2019 £'000	2018 £'000
Trade debtors	2	9
VAT recoverable	44	21
Other debtors	58	93
	<u>104</u>	<u>123</u>

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Trade creditors	74	47
Taxation and Social Security	50	43
Other creditors	19	21
Accruals	80	141
Salix Loan (See note 16)	3	3
	<u>226</u>	<u>255</u>

Deferred Income

	2019 £'000	2018 £'000
Deferred income at 1 September	-	19
Resources deferred in the year	-	-
Amounts released from previous years	-	(19)
Deferred income at 31 August	<u>-</u>	<u>-</u>

At the balance sheet date the academy was holding no funds received in advance for 2019/20 for employment grant income of £Nil (2018: £Nil) and local authority pupil increase payment of £Nil (2018: £Nil).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

15 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019	2018
	£'000	£'000
Salix loan	12	14

The academy took out an ESFA approved, interest free Salix loan in the year, commencing from 1 March 2016, payable over 8 years.

16 FUNDS

The income funds of the academy comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2018 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2019 £'000
Restricted general funds					
General annual grant (GAG) (note i)	-	2,488	(2,740)	252	-
Pupil premium grant (note ii)	28	86	(114)	-	-
Other DfE/ESFA grant (note iii)	-	36	(36)	-	-
Special needs grant - WCC (note iv)	-	51	(51)	-	-
Restricted donations (note v)	-	-	-	-	-
Tennis court fund (note vi)	17	-	(17)	-	-
Other LA grants (note vii)	-	3	(3)	-	-
	<u>45</u>	<u>2,664</u>	<u>(2,961)</u>	<u>252</u>	<u>-</u>
Restricted fixed asset funds					
Devolved formula capital grant (note viii)	29	38	(9)	-	58
Capital grant - WCC (note viii)	2	-	(2)	-	-
Fixed assets donation (note viii)	6,921	-	(152)	-	6,769
Capital expenditure from GAG (note viii)	180	-	(9)	7	178
School extension grant - WCC (note viii)	3,745	-	(88)	-	3,657
CIF (ESFA) (note ix)	823	-	(17)	-	806
	<u>11,700</u>	<u>38</u>	<u>(277)</u>	<u>7</u>	<u>11,468</u>
Restricted pension scheme liability					
Pension reserve (note x)	(565)	0	(84)	(247)	(896)
	<u>(565)</u>	<u>0</u>	<u>(84)</u>	<u>(247)</u>	<u>(896)</u>
Total restricted funds	11,180	2,702	(3,322)	12	10,572
Unrestricted funds					
Unrestricted funds	386	87	(62)	-	411
WCC prior years surplus b/fwd	385	-	-	(259)	126
Total unrestricted funds	<u>771</u>	<u>87</u>	<u>(62)</u>	<u>(259)</u>	<u>537</u>
Total funds	<u>11,951</u>	<u>2,789</u>	<u>(3,384)</u>	<u>(247)</u>	<u>11,109</u>

- i) General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it would carry forward at 31 August 2019 (see note 2).
- ii) Pupil premium grant has been used to support children from disadvantaged backgrounds at the Academy and to raise attainment.
- iii) Other DfE / ESFA grants received in year including Year 7 catch up grant which has been used for interventions to assist pupils transferring from primary to secondary school and Teachers Pay Grant which has been used to support the increase in teaching costs.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 AUGUST 2018 (cont'd)

16 FUNDS (cont'd)

Notes

- iv) Special needs grant from WCC has been used to support pupils with learning or behavioural issues by providing additional teaching support.
- v) Restricted donations received from parents and other organisations which are used to support the academy trust's activities.
- vi) Tennis legacy fund has been ring fenced for maintenance of the school tennis courts.
- vii) Restricted funds received from WCC for various projects arising during the academic year.
- viii) Restricted fixed assets were funded by government grants, a transfer from General Annual Grant (GAG) and by WCC donating Academy land and buildings on a 125 year lease at a pepper corn rent. WCC has also provided a grant for a new teaching block.
- ix) Capital Improvement Funding (CIF) received for the upgrade of the heating system, windows and drama studio within the school.
- x) The pension reserve represents the deficit on the Local Government Pension Scheme (see note 26).

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

	Balance at 1 September 2017 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2018 £'000
Restricted general funds					
General annual grant (GAG) (note i)	57	2,466	(2,570)	47	-
Pupil premium grant (note ii)	27	75	(74)	-	28
Year 7 catch up grant (note iii)	-	6	(6)	-	-
Special needs grant - WCC (note iv)	-	-	-	-	-
Restricted donations (note v)	15	11	(26)	-	-
Tennis court fund (note vi)	17	-	-	-	17
Other LA grants (note vii)	-	55	(55)	-	-
	116	2,613	(2,731)	47	45
Restricted fixed asset funds					
Devolved formula capital grant (note viii)	30	12	(13)	-	29
Capital grant - WCC (note viii)	11	-	(9)	-	2
Fixed assets donation (note viii)	7,037	-	(116)	-	6,921
Capital expenditure from GAG (note viii)	178	-	(11)	13	180
School extension grant - WCC (note viii)	2,015	1,772	(42)	-	3,745
CIF (ESFA) - Heating (note ix)	149	-	(3)	-	146
CIF (ESFA) - Windows (note x)	616	-	(9)	-	607
CIF (ESFA) - Drama (note xi)	-	70	-	-	70
	10,036	1,854	(203)	13	11,700
Restricted pension scheme liability					
Pension reserve (note xii)	(640)	-	(74)	149	(565)
	(640)	-	(74)	149	(565)
Total restricted funds	9,512	4,467	(3,008)	209	11,180
Unrestricted funds					
Unrestricted funds	390	110	(54)	(60)	386
WCC prior years surplus b/fwd	385	-	-	-	385
Total unrestricted funds	775	110	(54)	(60)	771
Total funds	10,287	4,577	(3,062)	149	11,951

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 AUGUST 2019 (cont'd)

17 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2019 are represented by:

	Unrestricted	Pension	General	Fixed	
	Funds	Restricted	Restricted	Assets	
	Funds	Funds	Funds	Restricted	Total
	£'000	£'000	£'000	Funds	£'000
Tangible fixed assets	-	-	-	11,468	11,468
Current assets	537	-	238	-	775
Current liabilities	-	-	(226)	-	(226)
Non current liabilities	-	-	(12)	-	(12)
Pension scheme liability	-	(896)	-	-	(896)
	<u>537</u>	<u>(896)</u>	<u>-</u>	<u>11,468</u>	<u>11,109</u>

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

Fund balances at 31 August 2018 are represented by:

	Unrestricted	Pension	General	Fixed	
	Funds	Restricted	Restricted	Assets	
	Funds	Funds	Funds	Restricted	Total
	£'000	£'000	£'000	Funds	£'000
Tangible fixed assets	-	-	-	11,637	11,637
Current assets	771	-	203	63	1,037
Current liabilities	-	-	(144)	-	(144)
Non current liabilities	-	-	(14)	-	(14)
Pension scheme liability	-	(565)	-	-	(565)
	<u>771</u>	<u>(565)</u>	<u>45</u>	<u>11,700</u>	<u>11,951</u>

18 CAPITAL COMMITMENTS

	2019	2018
	£'000	£'000
Contracted for, but not provided in the financial statements	Nil	Nil
Authorised by trustees, but not yet contracted	<u>Nil</u>	<u>Nil</u>

19 COMMITMENTS UNDER OPERATING LEASES

Operating leases

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

	2019	2018
	Other	Other
	£'000	£'000
. Amounts due within one year	7	5
. Amounts due between one and five years	10	6
	<u>17</u>	<u>11</u>

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 AUGUST 2019 (cont'd)

20 RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019	2018
	£'000	£'000
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(595)	1,515
Adjusted for:		
Depreciation (note 12)	277	203
Capital grants from DfE and other capital income	(38)	(1,854)
Interest receivable	(4)	(4)
Defined benefit pension scheme cost less contributions payable (note 26)	68	57
Defined benefit pension scheme finance cost (note 26)	16	17
Decrease in debtors	19	91
Decrease in creditors	(29)	(281)
Net cash used in operating activities	(286)	(256)

21 CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	4	4
Purchase of tangible fixed assets	(108)	(1,804)
Capital grants from DfE/ESFA	38	82
Capital funding received from sponsors and others	-	1,772
Receipts from sale of tangible fixed assets	-	-
Net cash (used in)/provided by investing activities	(66)	54

22 CASH FLOWS FROM FINANCING ACTIVITIES

Repayments of borrowing	(2)	(3)
Cash inflows from new borrowing	-	-
Net cash used in financing activities	(2)	(3)

23 ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 1 Aug 2019	At 1 Aug 2018
	£'000	£'000
Cash in hand and at bank	671	1,025
Total cash and cash equivalents	671	1,025

24 CONTINGENT LIABILITIES

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

25 MEMBERS' LIABILITY

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**26 PENSION AND SIMILAR OBLIGATIONS**

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

The total pension cost to the Academy during the year ended 31 August 2019 was £418,000 (2018: £380,595) of which £235,000 (2018: £215,244) relates to the TPS and £183,000 (2018: £165,351) relates to LGPS.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

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

Teachers' Pension Scheme**Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Scheme Regulations (2014) and from 1 April 2014 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 latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

Scheme Changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employers costs paid to TPS in the period amounted to £235,000 (2018: £215,244).

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in a separate trustee administered funds. The total contributions made for the year ended 31 August 2019 was £210,000 (2018: £190,351) of which employers contributions totalled £183,000 (2018: £165,351) and employees contributions totalled £27,000 (2018: £25,000). The agreed contributions for future years are 20.9% (2018: 20.9%) plus a lump sum contribution of £18,000 (2018: £17,000) for employers and an average of 5.8% (2018: 5.8%) 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 liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions

The major assumptions used by the actuary were:

	At 31 August 2019 % per annum	At 31 August 2018 % per annum
Discount rate	1.8%	2.8%
Salary increases	2.9%	3.0%
Pension increase	2.3%	2.4%

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as follows:

	2019 £'000	2018 £'000
Discount rate reduced by 0.5% per annum	267	207
Assumed pension increased by 0.5% per annum	229	176
Salary growth increased by 0.5% per annum	33	29

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
Longevity at age 65 retiring today		
- Men	21.4	22.5
- Women	23.6	24.7
Longevity at age 65 retiring in 20 years		
- Men	22.4	24.3
- Women	25.0	26.7

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (cont'd)

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

	Fair value at 31 August 2019 £'000	Fair value at 31 August 2018 £'000
Equity instruments	948	864
Debt instruments	404	302
Property	186	165
Cash	16	41
Total market value of assets	1,554	1,372
Present value of scheme liabilities		
- Funded	(1,554)	(1,372)
- Unfunded	(896)	(565)
Total liabilities	(2,450)	(1,937)
Deficit in the scheme	(896)	(565)

The actual return on the scheme assets in the year was £88,000 (2018: £58,000).

Amounts recognised in the Statement of Financial Activities

	2019 £'000	2018 £'000
Current service cost	148	150
Past service cost	19	-
Interest income	(40)	(32)
Interest cost	56	49
Total operating charge	183	167

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)

26 PENSION AND SIMILAR OBLIGATIONS (cont'd)

Local Government Pension Scheme (cont'd)

	2019 £'000	2018 £'000
Changes in deficit during the year		
Balance at 1 September 2018	565	640
Movement in year:		
- Employer service cost (net of employee contributions)	167	150
- Expected return on scheme assets	(40)	(32)
- Interest cost	56	49
- Employer contributions	(99)	(93)
- Actuarial loss/(gain)	247	(149)
Deficit in the scheme at 31 August 2019	896	565

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

	2019 £'000	2018 £'000
Balance at 1 September 2018	1,937	1,873
Current service cost	148	150
Past service cost	19	-
Interest cost	56	49
Contributions by scheme participants	27	25
Benefits paid	(32)	(37)
Actuarial loss/(gain)	295	(123)
Scheme liabilities at 31 August 2019	2,450	1,937

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

	2019 £'000	2018 £'000
Balance at 1 September 2018	1,372	1,233
Expected return on scheme assets	40	32
Contributions by employer	99	93
Contributions by scheme participants	27	25
Benefits paid	(32)	(37)
Actuarial gains	48	26
Fair value of scheme assets at 31 August 2019	1,554	1,372

The estimated value of employer contributions for the year ended 31 August 2020 is £100,000 (2019: £94,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2019 (cont'd)**27 RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the requirements of the Academies Financial Handbook, 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. During the year ended 31 August 2019 the following transactions were noted:

P Chapman is a community trustee at the academy and also a member with financial responsibility at Stour Valley Baptist Church. Stour Valley Baptist Church hires facilities at the academy and transactions during the year totalled £5,120 (2018: £5,429). The balance outstanding at 31 August 2019 was £Nil (2018: £1,068).

The following trustees had related parties income from the school. B Punt - Husband to A Punt £Nil - £Nil (2018: £10,000 - £15,000) and G Saunders - Husband to C Saunders £25,000 - £30,000 (2018: £15,000 - £20,000).

R Baldwin is a community trustee at the academy and also a member of the Shipston Youth Club management committee who hires facilities at the academy and transactions during the year totalled £Nil (2018: £1,032). The balance outstanding at 31 August 2019 was £Nil (2018: £96).

D Beeton is a co-opted trustee at the academy and also a member of the Shipston Archers Club who hires facilities at the academy and transactions during the year totalled £397 (2018: £467). The balance outstanding at 31 August 2019 was £110 (2018: £Nil).

D Squire is a community trustee at the academy and also a member of the Stour Lions Rotary Club who hires facilities at the academy and transactions during the year totalled £173 (2018: £234). The balance outstanding at 31 August 2019 was £23 (2018: £Nil).

F Hudson is a community trustee at the academy and also a Deputy Head Teacher at Cotswold School. Shipston High School were charged for training courses and transactions during the year totalled £125 (2018: £Nil). The balance outstanding at 31 August 2019 was £Nil (2018: £Nil).

In entering into all the transactions the trust has complied with the requirements of the Academies Financial Handbook 2018.

28 EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no material adjusting or non adjusting events arising after the balance sheet date.