

Company Registration Number: 07658688 (England & Wales)

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2019



REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

CONTENTS

	Page
Reference and Administrative Details	1 - 2
Governors' Report	3 - 10
Governance Statement	11 - 14
Statement on Regularity, Propriety and Compliance	15
Statement of Governors' Responsibilities	16
Independent Auditors' Report on the Financial Statements	17 - 19
Independent Reporting Accountant's Report on Regularity	20 - 21
Statement of Financial Activities Incorporating Income and Expenditure Account	22
Balance Sheet	23 - 24
Statement of Cash Flows	25
Notes to the Financial Statements	26 - 49

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS

Members

T N Alley
G Campbell
J E Knowlson (appointed 1 September 2019)
M Sanderson (appointed 26 November 2018)
M Wright (appointed 26 November 2018)

Governors

T N Alley, Chair¹
C L Saunders, Vice Chair¹
P A Ayto, Principal¹
C Bond, Staff Governor (appointed 1 September 2019, resigned 9 November 2018)
T Charlton, Staff Governor (resigned 31 August 2019)
K F Dare¹
Cllr S J Harker¹
L M Kendrew¹
J E Knowlson (resigned 31 August 2019)¹
A P Marsh¹
M A Sanderson (resigned 17 October 2018)
T A Wilson (appointed 26 November 2018)
M Wright (resigned 27 September 2018)

¹ Member of the Resource Committee

Company registered number

07658688

Company name

Reid Street Primary School

Principal and registered office

Reid Street
Darlington
County Durham
DL3 6EX

Company secretary

A Robinson

Senior leadership team

P A Ayto, Principal
A Robinson, Director of Business
J E Knowlson, Senior Vice Principal
J Davison, Vice Principal
L Robson, Vice Principal

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2019

Independent auditors

Clive Owen LLP
Chartered Accountants
Statutory Auditors
140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Bankers

Lloyds Bank plc
Darlington
County Durham
DL1 1TL

Solicitors

Wrigleys Solicitors LLP
19 Cockridge Street
Leeds
LS2 3AG

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

GOVERNORS' REPORT
FOR THE YEAR ENDED 31 AUGUST 2019

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

The academy trust operates an academy for pupils aged 4 to 11 serving a catchment area in Darlington. It has a pupil capacity of 420 and had a roll of 394 in the school census on 3 October 2019.

Structure, Governance and Management

Constitution

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

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

The Governors of Reid Street Primary School are also the directors of the charitable company for the purposes of company law.

The charitable company is known as Reid Street Primary School.

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

Members' liability

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

Governors' indemnities

The academy has purchased insurance to protect Governors from claims arising against negligent acts, errors or omissions occurring whilst on academy trust business. From 1 July 2015 this was taken through the RPA, Risk Protection Assurance, and engineering and business cover insurance was taken through Zurich Insurance. These policies have been renewed and new documents issued from 1 September 2019.

Method of recruitment and appointment or election of Governors

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

The term of office for any Governors shall be 4 years, save that this time limit shall not apply to the Principal or any post help ex-officio. Subject to remaining eligible to be a particular type of Governors, any Governor may be re-appointed or re-elected.

Policies adopted for the induction and training of Governors

The training and induction provided for new Governors depends on their existing experience. Where necessary induction and training is provided on charity, educational, legal and financial matters. All new Governors are given a tour of the academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors.

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

Structure, Governance and Management (continued)

Organisational structure

During the year the academy continued to operate a unified management structure. The Structure consists of 4 levels: the Members, the Governors, the Senior Leadership Team and the Middle Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Executive Group consists of the Principal, Senior Vice-Principal and Director of Business who control the academy at an executive level implementing the policies laid down by the Governors and reporting back to them. The Executive Group together with the members of the Senior Leadership Team are responsible for the authorisation of spending within agreed budgets and the appointment of staff for posts below the Senior Leadership Team, through appointment boards which sometimes contain a Governor. Some spending control is devolved to members of the Senior Leadership Team, with limits above which a member of the Executive must countersign.

The Senior Leadership Team includes the Executive Group and the two other Vice-Principal members of the Senior Leadership Team. The middle management of the academy is centered around the two Vice-Principal Key Stage Managers and the Teaching and Learning Responsibility holders. These managers/curriculum leaders are responsible for the day to day operation of the academy, in particular organising the teaching staff, facilities and students.

Arrangements for setting pay and remuneration of key management personnel

The Resources Committee (which includes Finance, Personnel, Pay, Audit, Health & Safety and Premises) approve any recommendations from the Principal, for pay and remuneration awards for the academy. Governors can seek advice from Avec Partnerships when required.

Related parties and other connected charities and organisations

The academy trust is not part of a wider network such as a soft federation.

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

Objectives and activities

Objects and aims

The principle objective and activity of the charitable company is the operation of Reid Street Primary School to provide education for students of different abilities between the ages of 4 and 11, with an emphasis on promoting pupils' positive attitudes to, and behaviours for, learning.

In accordance with the Funding Agreement, the charitable company has adopted a 'Scheme of Government' approved by the Secretary of State for Education. The 'Scheme of Government' specifies, amongst other things, the basis for admitting pupils to the academy and that the curriculum shall be broad and balanced and shall include English, Mathematics and Science. The academy shall make provision for the teaching of religious education and for a daily act of collective worship at the academy.

Our central aim is to ensure that the children in our care achieve to their full potential, as individuals, within the caring ethos of our school.

The staff and Governors aim to ensure that Reid Street Primary School has a high profile within the community and to ensure that the school provides:

- A high quality of education, consistent with statutory requirements as set out in individual policy documents and schemes of work for each subject area.
- A caring, secure and welcoming ethos.
- Attractive and comfortable surroundings conducive to achieving these aims.

The main objectives of the academy during the year ended 31 August 2019 are summarised below:

1. To ensure that literacy has a high profile across the school, with a particular focus on reading skills.
2. To ensure appropriate challenge for the more able in both literacy and numeracy.
3. To review and amend as necessary the curriculum offered in all subjects with a focus on intent, implementation and impact.
4. To review formative and summative assessment systems, informed by research and with due regard to workload implications.
5. To ensure that pupils are ready for secondary school.
6. To ensure that the school is fully inclusive and able to support pupils with a wide range of additional needs, with particular developments in understanding of sensory processing and attachment issues.
7. An effective succession plan which develops the skills, knowledge and understanding of senior and middle leaders in preparation for future roles.

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

Objectives and activities (continued)

Objectives, strategies and activities

The academy's main objectives are encompassed in its mission statement which is that at Reid Street Primary School we create a culture that enables pupils and staff to excel. We value the autonomy our converter academy status brings, whilst embracing the expectation that we offer a broad curriculum that should be similar in breadth and ambition to that of maintained schools. Our broad and deep progressive curriculum inspires pupils to learn, promotes a sense of enjoyment and fascination about the world and prepares pupils for lives as active members of British society. We endeavor to ensure that, through a well sequenced, incremental curriculum, links are made with previous learning allowing pupils the opportunity to consolidate and extend upon previous knowledge, skills and vocabulary. We value our longstanding high profile within the community and, as evidenced through our 'Topic front cover', ensure that valuable community links are an integral part of learning.

Pupils' spiritual, moral, social and cultural development and, within this, the promotion of fundamental British Values, are at the heart of the school's work. Through our commitment to excellence, we ensure that each individual pupil fulfils their potential, takes pride in their achievements and is prepared for the next phase of their education as confident, self-assured learners. Developing resilience and independence are key aims of our curriculum.

Equality of opportunity is our central aim; whilst we embed consistent approaches, we also respond to individual needs, challenging and supporting within the caring, secure and welcoming ethos of Reid Street Primary School. We plan carefully, knowing the context of our community and how we can provide the curriculum our pupils need in order to take advantage of opportunities, responsibilities and experiences in later life. In that way we strive to address social disadvantage and to address typical gaps in pupils' knowledge and skills.

Objectives 1 and 2

The continued focus in school is on the development of literacy skills. This includes ongoing work around speech and language and, this year, the introduction of an assessment for, and tracking of, vocabulary development. Literacy leads in school have enhanced their understanding of progress in each year group through their participation in termly pupil progress RAG rating meetings. Additional interventions around vocabulary, comprehension and challenge for able readers have been introduced. The development of vocabulary has also been a key element of the production of writing progression guidance which will be completed by the end of the Autumn Term 2019.

More able mathematicians were challenged effectively throughout the academic year.

Objectives 3 and 4

A school wide, all subject review of the curriculum was undertaken, with subject leads ensuring that plans provide effective progression with opportunities for review in a spiral curriculum. Subject leads met with governors in regular meetings throughout the year to outline strengths, areas for development and future actions. Clear, accessible information was produced for parents and other interested parties around each subject taught. Governmental guidance was used to audit use of data in school and both formative and summative assessment systems were reviewed in light of this.

Objective 5

The school participated in a highly successful Education Endowment Foundation project – Everyone Ready for School – which targeted support at particular children who would be transferring to Reid Street Primary School to begin school in September 2019.

Objective 6

As part of the commitment to being research and evidence informed and to be fully inclusive, the school applied for and won the first ever scholarship with Future Steps, significantly enhancing the assessment and support offer for pupils with sensory processing needs and attachment issues.

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

Objectives and activities (continued)

Objective 7

As the lead of an inward facing, outward looking single academy trust, the Principal sought a nationally recognised, highly regarded, system of peer review with the aim of enhancing leadership skills across the school. Participation in the Schools Partnership Programme has both supported and developed a range of senior leaders and been the driver and mechanism for profound change in continual professional development systems, processes and ethos for all staff.

Public benefit

The academy trust's aims and achievements are set out within this report and have been undertaken to further its charitable purposes for the public benefit. The Governors have complied with the duty under Section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission for England and Wales and the Governors have considered this guidance in deciding what activities the academy trust should undertake.

Strategic report

Achievements and performance

Key performance indicators

Baseline, on-entry assessment data for Foundation Stage illustrates that increasing numbers of pupils enter Reid Street Primary School working at well below national expectations for their age. Whilst end-of-year Good Level of Development figures are below the national, given the low starting point of many, very good progress is made through Reception year.

The embedding of the progressive, Reid Write Inc phonics programme detailed in the previous Governors' Report is evident in the steady increase in the percentage of pupils meeting the standard of the phonics check in Year 1 (which is above the national figure) and in Year 2 – which (at 81.8%) is significantly above the national figure of 55.9%.

The focus on more able in both literacy and numeracy in KS1 has resulted in a steady rise in the percentage of pupils achieving the greater depth standard for reading and maths (with writing maintained at the level of the previous year). The percentage of pupils achieving the expected standard fell across all subjects, reflecting the significant challenge of the cohort.

Again, in KS2, the challenge for the more able ensured that the percentage of pupils achieving the higher standard rose for all subjects and was higher than the national for all subjects, including Spelling, Punctuation and Grammar, other than for writing which was nonetheless an increase on the previous academic year. Whilst attainment at reading saw a significant drop, this cohort driven 'blip' is evident as the progress score for these pupils is an improvement on the previous year.

As is emphasised within the new Education Inspection Framework, outcomes are not only about national data sets at particular points in the year. The school continues to maintain its excellent reputation within and beyond Darlington, with numerous outside agencies highlighting the good practice demonstrated. The school succeeds with pupils who have often failed elsewhere and families appreciate the levels of support received. Parental questionnaires are overwhelmingly positive. The school has achieved a range of external awards recognising specific elements of the wider curriculum including the Quality Mark for English and Maths and, this year, the Gold School Games Award – a fabulous achievement for a school without a field!

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

Strategic report (continued)

Achievements and performance (continued)

Going concern

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

Financial review

Most of the academy trust's income is obtained from the Department of Education (DfE) via the Education and Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE/ESFA during the year ended 31 August 2019 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The academy trust also received grants for fixed assets from the DfE/ESFA. In accordance with the Charities Statement of Recommended practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown under 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.

During the year ended 31 August 2019, total expenditure of £2,106,000 was in excess of recurrent grant funding from DfE/ESFA together with other incoming resources. The in-year surplus excluding the pension reserve and restricted fixed asset funds, was £33,000.

"The academy trust held fund balances at 31 August 2019 of £1,212,000 comprising £1,152,000 of restricted funds, including £1,018,000 deficit on the pension reserves, and £60,000 of unrestricted funds. The total of restricted general funds, excluding pension reserves, plus unrestricted funds as at 31 August 2019 was £365,000.

All of the expenditure shown in the Statement of Financial Activities is in furtherance of the academies objectives.

At 31 August 2019 net book value of fixed assets was £1,840,000 and movements in tangible fixed assets are shown in note 13 to the Financial Statements. The assets were used exclusively for providing education and the associated support services to the students of the academy trust.

The provisions of Financial Reporting Standard (FRS) 102 have been applied in full in respect of LGPS pension scheme, resulting in a deficit of £1,018,000 recognised on the Balance Sheet.

The academy trust held fund balances as at 31 August 2019 of £1,212,000 comprising £305,000 of restricted general funds, £1,865,000 of restricted fixed asset funds, a pension deficit of £1,018,000 and £60,000 of unrestricted funds.

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

Strategic report (continued)

Achievements and performance (continued)

Reserves policy

The academy holds restricted and unrestricted funds (the attached financial statements detail these funds). Unrestricted funds are held:

- To cover ongoing costs in relation to the running of the academy including catering provisions, school trips and uniform costs

The level of reserves is reviewed by Governors regularly throughout the year. The minimum level of reserves for the ongoing needs of the academy is reviewed by the Governors on an annual basis. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Governors therefore consider it is prudent to hold unrestricted reserves in the general fund in the form of free reserves (total funds less the amount held in fixed assets and restricted funds) of £150,000.

This is considered sufficient to cover

- a) delays between the spending and receipts of grants; and
- b) unexpected emergencies such as urgent maintenance.

The academy trust's current level of free reserves are in surplus by £60,000; there is also a GAG carried forward available of £305,000 and therefore are considered to be above the level of reserves required for the ongoing needs of the academy. The Governors continue to consider additional activities related to the academy's objectives to which the excess reserves may be applied including:

- a) Future capital projects;
- b) Uncertainty over future funding and cost increases.

Investment policy

The academy invests surplus funds through money market accounts. Interest rates are reviewed prior to each investment. This policy maximises investment return whilst minimising risks to the principal sum.

Principal risks and uncertainties

The principal risks and uncertainties are centered on changes in the level of funding from DfE/ESFA. In addition, the academy trust is a member of the Local Government Pension Scheme (LGPS), which results in the recognition of a significant deficit on the academy trust balance sheet.

The Governors have assessed the major risks, to which the academy trust is exposed, in particular those relating specifically to teaching provision of facilities and other operational areas of the academy trust, and its finances. The Governors have implemented a number of systems to assess risks that the school faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school visits) and in relation to the control of finance. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The academy trust has fully implemented the requirements of the Safe Recruitment procedures and all staff have received training in this area in addition to training on Child Protection.

The academy trust is subject to a number of risks and uncertainties in common with other academies. The academy trust has in place procedures to identify and mitigate financial risks.

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

Plans for future periods

Key areas of focus for the 2019-20 academic year include:

- Embedding of new senior leadership roles.
- Creation of individual, bespoke continuous professional development and learning for each member of staff.
- *Development of effective pupil tracking systems in line with government guidance re workload.*
- Completion of work around revision of the curriculum, including progression documents for all subjects, Knowledge Organisers, Career Related Learning links and activities, STEAM (Science, Technology, Engineering, Art and Math) projects and content for the school website.
- Creation of a new school website.
- Improvements in KS2 attainment scores for reading and Grammar, Punctuation and Spelling.
- Embedding of effective teaching of vocabulary across the curriculum.
- Engagement with Maths Mastery programme.

Funds held as custodian Trustee on behalf of others

There are no funds held as Custodian Trustee on behalf of others.

Disclosure of information to auditors

Insofar as the Governors are aware:

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

The Governors' Report, incorporating a strategic report, was approved by order of the Board of Governors, as the company directors, on 25 November 2019 and signed on its behalf by:



T N Alley
Chair

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT

Scope of responsibility

As Governors, we acknowledge we have overall responsibility for ensuring that Reid Street Primary School has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. During the year Governors have met eleven times which includes the Full Governing Body, Resources Committee (Finance, Audit, Personnel, Pay review, Health & Safety & Premises) and the Curriculum and Standards meetings.

The Board of Governors has delegated the day-to-day responsibility to the Principal, 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 Reid Street Primary School and the Secretary of State for Education. They are also responsible for reporting to the Board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities. The Board of Governors has formally met 3 times during the year. The Board met less than 6 times due to the clearly established committees/portfolio groups of Governors who can deal with specific areas of responsibility following robust terms of reference.

Attendance during the year at meetings of the Board of Governors was as follows:

Governor	Meetings attended	Out of a possible
T N Alley, Chair	3	3
C L Saunders, Vice Chair	3	3
P A Ayto, Principal and Accounting Officer	3	3
C Bond, Staff Governor	2	2
T Charlton, Staff Governor	3	3
K F Dare	3	3
Cllr S J Harker	3	3
L M Kendrew	3	3
J E Knowlson	2	3
A P Marsh	0	0
M A Sanderson	0	2
T A Wilson	0	0
M Wright	0	0

The Resource Committee (Finance, Audit, Personnel, Pay review, Health & Safety & Premises) is a sub-committee of the main Board of Governors. Its purpose is to perform the duties of the Governing Body as delegated with authority to make decisions regarding the strategic financial management of the academy.

During the year the Resource committee has met 4 times. Attendance during the year at meetings was as follows:

Governor	Meetings attended	Out of a possible
C L Saunders, (Chair)	4	4
T N Alley	4	4
P A Ayto, Principal & Accounting Officer	4	4
K F Dare	4	4
Cllr S J Harker	3	4
L M Kendrew	2	2
J E Knowlson, Staff Governor	3	4
A P Marsh	1	1

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

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

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

- Reviewing all spending and seeking efficiency savings where possible, including through the use of benchmarking tools and systems.
- Revision of the staffing structure following the appointment of the previous Senior Vice Principal to her first headship in another LA.
- Sourcing of high value / low cost interventions to support pupils and their families, including the winning of a scholarship worth over £7,000 with Future Steps Occupational Therapy.
- The joint commissioning of new services, working closely with both the NHS and the LA.
- Reviewing spending of Pupil Premium funding to ensure it is used to tackle identified barriers to learning and future success.
- Reviewing spending of PE and Sports funding to ensure it supports the school's commitment to healthy lifestyles.
- Establishing and embedding links within the community to provide low / no cost experiential learning for pupils.
- Engagement with enterprise opportunities – including winning the Primary Big PIE Challenge for the second year in a row raising almost £10,000 for the school and maintaining the title 'The Most Enterprising School in the North East'.

The purpose of the system of internal control

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

Capacity to handle risk

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

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors
- 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 Governors has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Governors have appointed Clive Owen LLP, the external auditors, to perform additional checks.

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

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations
- testing of income
- testing of the accounting systems and management information provided
- Review of governor appointments/resignations and declarations of interest
- Review of gifts and hospitality & honorarium/ex-gratia payments
- Review of information technology strategy
- Review of fixed assets
- Review of VAT position

On a termly basis, the external auditors report to the Board of Governors through the Resource Committee on the operation of the systems of control and on the discharge of the Governors' financial responsibilities.

The external auditors have delivered their schedule of work as planned and no material control issues have arisen as a result of their work.

Review of effectiveness

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

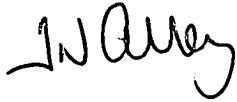
- the work of the external auditors;
- the work of the executive managers within the academy who have responsibility for the development and maintenance of the internal control framework.

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

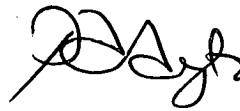
**REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)**

GOVERNANCE STATEMENT (CONTINUED)

Approved by order of the members of the Board of Governors on 25 November 2019 and signed on their behalf by:



T N Alley
Chair



P A Ayto
Accounting Officer



REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Reid Street Primary School I have considered my responsibility to notify the academy Board of Governors and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, under the funding agreement in place between the academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



P A Ayto
Accounting Officer
Date: 25 November 2019

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

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

Company law requires the Governors to prepare financial statements for each financial year. Under company law the Governors 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 Governors are required to:

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

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

The Governors 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 Governors on 25 November 2019 and signed on its behalf by:



T N Alley
Chair

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF REID STREET PRIMARY SCHOOL

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF REID STREET PRIMARY SCHOOL (CONTINUED)

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF REID STREET PRIMARY SCHOOL (CONTINUED)

Responsibilities of Governors

As explained more fully in the Governors' Responsibilities Statement, the Governors (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors 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 Governors are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the academy or to cease operations, or have no realistic alternative but to do so.

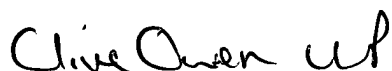
Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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



Kevin Shotton BA FCA (Senior Statutory Auditor)

for and on behalf of
Clive Owen LLP
Reporting Accountant

Chartered Accountants
Statutory Auditors

140 Coniscliffe Road

Darlington

County Durham

DL3 7RT

25 November 2019

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO REID STREET PRIMARY SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Reid Street Primary School during the year 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Reid Street Primary School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Reid Street Primary School's funding agreement with the Secretary of State for Education dated 27 June 2011 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO REID STREET PRIMARY SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

Approach

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

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

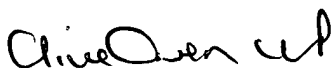
A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a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

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

- Review of governing body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Review documentation provided to Directors and Accounting Officer setting out responsibilities;
- Obtain formal letters of representation detailing the responsibilities of Directors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;
- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of registers of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Review whistleblowing procedures;
- Review pay policy and factors determining executive pay;
- Review of staff expenses;
- Review other income to ensure is in line with funding agreement;
- Review governance structure and number of meetings held; and
- Review whether there is a risk register in place.

Conclusion

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



Clive Owen LLP
Reporting Accountant

140 Coniscliffe Road
Darlington
County Durham
DL3 7RT

Date: 25 November 2019

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

	Note	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Income from:						
Donations and capital grants	3	18	-	25	43	32
Charitable activities	4	36	1,851	-	1,887	1,855
Other trading activities		12	1	-	13	7
Investments	6	1	-	-	1	2
Total income		67	1,852	25	1,944	1,896
Expenditure on:						
Charitable activities		53	1,937	116	2,106	2,069
Total expenditure		53	1,937	116	2,106	2,069
Net movement in funds before other recognised gains/(losses)		14	(85)	(91)	(162)	(173)
Other recognised gains/(losses):						
Actuarial gains / (losses) on defined benefit pension schemes	22	-	(255)	-	(255)	142
Net movement in funds		14	(340)	(91)	(417)	(31)
Reconciliation of funds:						
Total funds brought forward		46	(373)	1,956	1,629	1,660
Net movement in funds		14	(340)	(91)	(417)	(31)
Total funds carried forward		60	(713)	1,865	1,212	1,629

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07658688

BALANCE SHEET
AS AT 31 AUGUST 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	13	1,840	1,956
		<u>1,840</u>	<u>1,956</u>
Current assets			
Stocks	14	2	4
Debtors	15	55	58
Cash at bank and in hand		396	345
		<u>453</u>	<u>407</u>
Creditors: amounts falling due within one year	16	(63)	(75)
Net current assets		<u>390</u>	<u>332</u>
Total assets less current liabilities		<u>2,230</u>	<u>2,288</u>
Net assets excluding pension liability		<u>2,230</u>	<u>2,288</u>
Defined benefit pension scheme liability	22	(1,018)	(659)
Total net assets		<u><u>1,212</u></u>	<u><u>1,629</u></u>

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

BALANCE SHEET (CONTINUED)
AS AT 31 AUGUST 2019

	Note	2019	2019 £000	2018	2018 £000
Funds of the academy					
Restricted funds:					
Fixed asset funds	17	1,865		1,956	
Restricted income funds	17	305		286	
		<hr/>		<hr/>	
Restricted funds excluding pension asset	17	2,170		2,242	
Pension reserve	17	(1,018)		(659)	
		<hr/>		<hr/>	
Total restricted funds	17		1,152		1,583
Unrestricted income funds	17		60		46
			<hr/>		<hr/>
Total funds			<hr/> 1,212 <hr/>		<hr/> 1,629 <hr/>

The financial statements on pages 22 to 49 were approved by the Governors, and authorised for issue on 25 November 2019 and are signed on their behalf, by:



T N Alley
Chair

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2019

	Note	2019 £000	2018 £000
Cash flows from operating activities			
Net cash provided by operating activities	19	25	1
Cash flows from investing activities	20	26	(2)
Change in cash and cash equivalents in the year		51	(1)
Cash and cash equivalents at the beginning of the year		345	346
Cash and cash equivalents at the end of the year	21	<u>396</u>	<u>345</u>

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

Reid Street Primary School meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.4 Expenditure

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

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Tangible fixed assets

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

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

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold buildings	- over 17 years
Leasehold land	- over 125 years
Computer equipment	- over 3 years
Furniture and equipment	- over 7 years

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.

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.6 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.7 Taxation

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

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

1.8 Pensions

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

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

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

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

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

1. Accounting policies (continued)

1.9 Fund accounting

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

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

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

1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.11 Interest receivable

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

1.12 Debtors

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

1.13 Cash at bank and in hand

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

1.14 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 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.

Depreciation — Depreciation is calculated so as to write off the cost of an asset, less its residual value, over the economic life of that asset. An estimate of the useful life of assets is detailed in the depreciation accounting policy. The value of depreciation charge during the year was £116,000.

Critical areas of judgment:

There are two recent court cases which could impact on the future liabilities associated with the LGPS scheme, McCloud Sargeant (McCloud) and GMP Indexation and Equalisation (GMP).

McCloud

In 2015 the government introduced reforms to public sector pensions resulting in most public sector workers being transferred to a new scheme. In December 2018, the Court of Appeal ruled that the 'transitional protections' offered to some members of the judges and firefighter schemes as part of the reforms amounted to unlawful discrimination. While the judgement was not in relation to the LGPS it is reasonable to expect that it will need to be applied to this scheme by the government. Actuaries have estimated that the additional liabilities associated with this to be around 3-4% of active liabilities. As this has been considered to be potentially material to the financial statements the year end valuation performed by the actuary has included an approximate calculation of the McCloud valuation. This has increased the LGPS liability by £55,000 as at 31 August 2019.

GMP

This case related to the equalisation for men and women of guaranteed minimum pension (GMP) for those who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled that equalisation of GMP was required. This case was in relation to Lloyds Bank and HM Treasury have since gone on record to state public sector schemes have a method to equalise GMP already. There is however some judgement in how this equalisation works and is reflected in the LGPS valuations. Actuaries have estimated that the impact of GMP indexation to be around 0.3% of total liabilities. Based on this estimate it would increase liabilities by £8,000 which has been assessed to be immaterial to the financial statements.

Land — Land and buildings are held under a 125 year lease from Darlington Borough Council. These assets are included on the balance sheet of the academy due to the significant risks and rewards of ownership belonging to the academy, the lease term being the major part of the economic life of the assets and the assets being of such a specialised nature that only the academy could use them without major modification.

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

3. Income from donations and capital grants

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Donations	18	-	18	23
Capital Grants	-	25	25	9
	<u>18</u>	<u>25</u>	<u>43</u>	<u>32</u>
Total 2018	<u>23</u>	<u>9</u>	<u>32</u>	

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

4. Funding for the academy's educational operations

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	1,514	1,514	1,507
Pupil Premium	-	186	186	183
PE and Sport Premium grant	-	20	20	20
UFSM	-	47	47	51
Rates	-	6	6	8
Other DfE Group grants	-	19	19	3
	-	1,792	1,792	1,772
Other Government Grants				
SEN	-	48	48	36
LA Income	-	9	9	11
	-	57	57	47
Other Income				
Non Government non grant income	-	2	2	3
Student Catering	36	-	36	33
	36	2	38	36
	36	1,851	1,887	1,855
Total 2018	33	1,822	1,855	

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

5. Income from other trading activities

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Rental income	1	-	1	-
Receipts from Supply Teacher Insurance claims	4	-	4	-
Other income	7	1	8	7
	<u>12</u>	<u>1</u>	<u>13</u>	<u>7</u>
Total 2018	<u>7</u>	<u>-</u>	<u>7</u>	

6. Investment income

	Unrestricted funds 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Investment income	<u>1</u>	<u>1</u>	<u>2</u>

All investment income in 2018 was attributable to unrestricted funds.

7. Expenditure

	Staff Costs 2019 £000	Premises 2019 £000	Other 2019 £000	Total 2019 £000	Total 2018 £000
Academy's educational operations:					
Direct costs	1,447	-	136	1,583	1,543
Allocated support costs	134	199	190	523	526
	<u>1,581</u>	<u>199</u>	<u>326</u>	<u>2,106</u>	<u>2,069</u>
Total 2018	<u>1,527</u>	<u>213</u>	<u>329</u>	<u>2,069</u>	

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

7. Expenditure (continued)

In 2019 of the total expenditure, £53,000 (2018- £54,000) was to unrestricted funds, £116,000 (2018- £140,000) was to restricted fixed asset funds and £1,937,000 (2018 - £1,875,000) was to restricted funds.

There were no individual transactions exceeding £5,000 for:

- Compensation payments
- Gifts made by the trust
- Fixed asset losses
- Stock losses
- Unrecoverable debts
- Cash losses

There were no ex-gratis payments in the year.

8. Analysis of expenditure by activities

	Activities undertaken directly 2019 £000	Support costs 2019 £000	Total funds 2019 £000	Total funds 2018 £000
Academy's educational operations	1,583	523	2,106	2,069
Total 2018	1,543	526	2,069	

Analysis of direct costs

	Total funds 2019 £000	Total funds 2018 £000
Staff costs	1,472	1,435
Educational supplies	98	91
Staff development	8	11
Supply Insurance	5	6
	1,583	1,543

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2019 £000	Total funds 2018 £000
Net interest cost on pension scheme	17	18
Staff costs	109	92
Depreciation	116	140
Technology costs	40	35
Transport	1	3
Maintenance of premises	18	19
Cleaning	32	32
Other premises costs	8	9
Energy	19	18
Rent & rates	6	8
RPA fees	9	9
Catering	101	93
Other costs	13	15
Governance costs	34	35
	<u>523</u>	<u>526</u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2019 £000	2018 £000
Depreciation of tangible fixed assets	116	140
Fees paid to auditors for:		
- audit	6	6
- other services	2	3
	<u>118</u>	<u>149</u>

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2019 £000	2018 £000
Wages and salaries	1,178	1,174
Social security costs	109	107
Pension costs	294	246
	<u>1,581</u>	<u>1,527</u>

Included in pension costs is a debit of £87,000 (2018: £42,000) relating to the pension deficit actuarial adjustment.

b. Staff numbers

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

	2019 No.	2018 No.
Teachers	17	17
Administration and Support	29	30
Management	3	5
	<u>49</u>	<u>52</u>

c. Higher paid staff

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

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

d. Key management personnel

The key management personnel of the academy comprise the Governors and the Senior Management Team as listed on page 1. The total amount of employee benefits (including employer national insurance and employer pension contributions) received by key management personnel for their services to the academy trust was £414,000 (2018: £404,000).

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

11. Governors' remuneration and expenses

One or more Governors has been paid remuneration or has received other benefits from an employment with the academy. The principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment. The value of Governors' remuneration and other benefits was as follows:

		2019 £000	2018 £000
P A Ayto ,Principal	Remuneration	70 - 75	70 - 75
	Pension contributions paid	10 - 15	10 - 15
J E Knowlson, Staff Governor	Remuneration	55 - 60	55 - 60
	Pension contributions paid	5 - 10	5 - 10
T Charlton, Staff Governor	Remuneration	25 - 30	25 - 30
	Pension contributions paid	5 - 10	5 - 10
C Bond, Staff Governor	Remuneration	20 - 25	15 - 20
	Pension contributions paid	0 - 5	0 - 5

During the year, no Governors received any benefits in kind (2018 - £Nil).

During the year ended 31 August 2019, no travel and subsistence expenses (2018 - £17) were reimbursed to Governors (2018 - 1 Governor)

12. Governors' and Officers' insurance

The academy has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the Governors and officers indemnity element from the overall cost of the RPA scheme.

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

13. Tangible fixed assets

	Long-term leasehold property £000	Furniture and fixtures £000	Plant and equipment £000	Total £000
Cost or valuation				
At 1 September 2018	2,538	214	92	2,844
At 31 August 2019	2,538	214	92	2,844
Depreciation				
At 1 September 2018	633	174	81	888
Charge for the year	97	9	10	116
At 31 August 2019	730	183	91	1,004
Net book value				
At 31 August 2019	1,808	31	1	1,840
At 31 August 2018	1,905	40	11	1,956

14. Stocks

	2019 £000	2018 £000
Stationery	2	4

15. Debtors

	2019 £000	2018 £000
Trade debtors	1	-
VAT recoverable	9	10
Prepayments and accrued income	45	48
	55	58

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

16. Creditors: Amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	13	30
Other creditors	-	1
Accruals and deferred income	50	44
	<u>63</u>	<u>75</u>
	<u><u>63</u></u>	<u><u>75</u></u>
	2019 £000	2018 £000
Deferred income at 1 September 2018	33	33
Resources deferred during the year	31	33
Amounts released from previous periods	(33)	(33)
	<u>31</u>	<u>33</u>
	<u><u>31</u></u>	<u><u>33</u></u>

Deferred income comprises of Free School Meals income and rates relief received from the ESFA which straddle the year end.

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

17. Statement of funds

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains/ (Losses) £000	Balance at 31 August 2019 £000
Unrestricted funds					
Unrestricted funds	37	49	(37)	-	49
School Funds	9	18	(16)	-	11
	<u>46</u>	<u>67</u>	<u>(53)</u>	<u>-</u>	<u>60</u>
Restricted general funds					
General Annual Grant (GAG)	286	1,514	(1,495)	-	305
UIFSM	-	47	(47)	-	-
Pupil Premium	-	186	(186)	-	-
Other DfE/ESFA Grants	-	45	(45)	-	-
Other Government Grants	-	58	(58)	-	-
Other	-	2	(2)	-	-
Pension reserve	(659)	-	(104)	(255)	(1,018)
	<u>(373)</u>	<u>1,852</u>	<u>(1,937)</u>	<u>(255)</u>	<u>(713)</u>
Restricted fixed asset funds					
Legacy assets	1,601	-	(72)	-	1,529
Academies Capital Maintenance Fund	43	-	(4)	-	39
Devolved Formula Capital	47	25	(7)	-	65
Capital expenditure from GAG	262	-	(33)	-	229
Donations	3	-	-	-	3
	<u>1,956</u>	<u>25</u>	<u>(116)</u>	<u>-</u>	<u>1,865</u>
Total Restricted funds	<u>1,583</u>	<u>1,877</u>	<u>(2,053)</u>	<u>(255)</u>	<u>1,152</u>
Total funds	<u>1,629</u>	<u>1,944</u>	<u>(2,106)</u>	<u>(255)</u>	<u>1,212</u>

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

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

17. Statement of funds (continued)

The General Annual Grant (GAG) must be used for the normal running of the academy including salaries and related costs, overheads, repairs and maintenance, and insurance.

Pupil Premium is additional funding to be spent as the school sees fit to support deprived students.

PE and Sport Premium grant relates to funding received solely for the provision of sports within the school, including teaching costs relating to PE.

UIFSM is funding received for the provision of catering services.

Other DfE/ESFA income relates to Teacher Pay Grant received to fund the increasing teacher salaries.

SEN Funding is to be spent providing extra support to pupils with special educational needs.

Other income relates to funding received for the provision of training support staff.

The pension reserves is the liability due to the deficit on the Local Government Pension Scheme.

The restricted fixed asset funds represent monies received to purchase fixed assets. Depreciation is charged against each fund over the useful economic life of the associated assets.

Unrestricted funds include the income from uniform sales, school trips and catering with the relevant costs allocated accordingly.

Transfers of £Nil (2018: £4,000) have been made from School Fund to Donations in fixed asset funds in relation to capital assets acquired through School Fund income.

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

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

17. Statement of funds (continued)

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Unrestricted funds						
Unrestricted funds	31	42	(36)	-	-	37
School Funds	8	23	(18)	(4)	-	9
	<u>39</u>	<u>65</u>	<u>(54)</u>	<u>(4)</u>	<u>-</u>	<u>46</u>
Restricted general funds						
General Annual Grant (GAG)	279	1,507	(1,500)	-	-	286
UIFSM	-	51	(51)	-	-	-
Pupil Premium	-	183	(183)	-	-	-
Other DfE/ESFA Grants	-	28	(28)	-	-	-
Other Government Grants	-	38	(38)	-	-	-
Other	-	15	(15)	-	-	-
Pension reserve	(741)	-	(60)	-	142	(659)
	<u>(462)</u>	<u>1,822</u>	<u>(1,875)</u>	<u>-</u>	<u>142</u>	<u>(373)</u>

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

17. Statement of funds (continued)

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2018 £000
Restricted fixed asset funds						
Legacy assets	1,683	-	(82)	-	-	1,601
Academies Capital Maintenance Fund	47	-	(4)	-	-	43
Devolved Formula Capital	46	9	(8)	-	-	47
Capital expenditure from GAG	307	-	(45)	-	-	262
Donations	-	-	(1)	4	-	3
	<u>2,083</u>	<u>9</u>	<u>(140)</u>	<u>4</u>	<u>-</u>	<u>1,956</u>
Total Restricted funds	<u>1,621</u>	<u>1,831</u>	<u>(2,015)</u>	<u>4</u>	<u>142</u>	<u>1,583</u>
Total funds	<u>1,660</u>	<u>1,896</u>	<u>(2,069)</u>	<u>-</u>	<u>142</u>	<u>1,629</u>

18. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	1,840	1,840
Current assets	60	368	25	453
Creditors due within one year	-	(63)	-	(63)
Provisions for liabilities and charges	-	(1,018)	-	(1,018)
Total	<u>60</u>	<u>(713)</u>	<u>1,865</u>	<u>1,212</u>

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

18. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Unrestricted funds 2018 £000	Restricted funds 2018 £000	Restricted fixed asset funds 2018 £000	Total funds 2018 £000
Tangible fixed assets	-	-	1,956	1,956
Current assets	46	361	-	407
Creditors due within one year	-	(75)	-	(75)
Provisions for liabilities and charges	-	(659)	-	(659)
Total	46	(373)	1,956	1,629

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

	2019 £000	2018 £000
Net expenditure for the year (as per Statement of Financial Activities)	(162)	(173)
Adjustments for:		
Depreciation	116	140
Dividends, interest and rents from investments	(1)	(2)
Capital grants from DfE Group	(25)	(9)
Defined benefit pension scheme cost less contributions payable	87	42
Defined benefit pension scheme finance cost	17	18
Decrease/(Increase) in stocks	2	(1)
Decrease/(Increase) in debtors	3	(4)
Decrease in creditors	(12)	(10)
Net cash provided by operating activities	25	1

20. Cash flows from investing activities

	2019 £000	2018 £000
Dividends, interest and rents from investments	1	2
Purchase of tangible assets	-	(13)
Capital grants from DfE Group	25	9
Net cash provided by/(used in) investing activities	26	(2)

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

21. Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash in hand	396	345
Total cash and cash equivalents	396	345

22. Pension commitments

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

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

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

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million giving a notional past service deficit of £22,000 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

22. Pension commitments (continued)

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. 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 employer's pension costs paid to TPS in the year amounted to £125,000 (2018 - £128,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £105,000 (2018 - £98,000), of which employer's contributions totalled £82,000 (2018 - £76,000) and employees' contributions totalled £ 23,000 (2018 - £22,000). The agreed contribution rates for future years are 18.6% for employers and 5.5%-12.5% for employees.

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

Principal actuarial assumptions

	2019 %	2018 %
Rate of increase in salaries	3.60	3.60
Rate of increase for pensions in payment	2.10	2.10
Discount rate for scheme liabilities	1.80	2.80
Inflation assumption (CPI)	2.10	2.10
Commutation of pensions to lump sums	80.00	80.00

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

	2019 Years	2018 Years
<i>Retiring today</i>		
Males	22.3	23.3
Females	23.8	25.0
<i>Retiring in 20 years</i>		
Males	24.0	25.5
Females	25.7	27.3

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

22. Pension commitments (continued)

Sensitivity analysis

	2019 £000	2018 £000
Discount rate +0.1%	2,605	2,030
Discount rate -0.1%	2,714	2,115
Mortality assumption - 1 year increase	2,568	2,012
Mortality assumption - 1 year decrease	2,751	2,132
CPI rate +0.1%	2,695	2,087
CPI rate -0.1%	2,623	2,058

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

	At 31 August 2019 £000	At 31 August 2018 £000
Equities	827	685
Property	118	96
Government bonds	422	353
Corporate bonds	192	185
Cash and other liquid assets	82	94
Total market value of assets	1,641	1,413

The actual return on scheme assets was £154,000 (2018 - £55,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2019 £000	2018 £000
Current service cost	(114)	(118)
Past service cost	(55)	-
Interest income	41	33
Interest cost	(58)	(51)
Total amount recognised in the Statement of Financial Activities	(186)	(136)

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

22. Pension commitments (continued)

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

	2019 £000	2018 £000
At 1 September	2,072	2,017
Current service cost	114	118
Interest cost	58	51
Employee contributions	23	22
Actuarial losses/(gains)	368	(120)
Benefits paid	(31)	(16)
Past service costs	55	-
At 31 August	<u>2,659</u>	<u>2,072</u>

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

	2019 £000	2018 £000
At 1 September	1,413	1,276
Expected return on assets	41	33
Actuarial gains	113	22
Employer contributions	82	76
Employee contributions	23	22
Benefits paid	(31)	(16)
At 31 August	<u>1,641</u>	<u>1,413</u>

23. Operating lease commitments

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

	2019 £000
Not later than 1 year	1
Later than 1 year and not later than 5 years	2
	<u>3</u>

REID STREET PRIMARY SCHOOL
(A Company Limited by Guarantee)

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

24. Related party transactions

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

The trust received a donation from ITEC North East Ltd in which T A Wilson is a director, totalling £300 (2018: £Nil) during the period. There were no amounts outstanding at 31 August 2019 (2018: £Nil).