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**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 MAY 2020**



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**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**

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<b>Members</b>	O Flack C J Barbour S Kelly S Oxley
<b>Governors</b>	C Barbour, Community Trustee (resigned 2 December 2019) <sup>1</sup> D Bastiani, Staff Trustee <sup>1</sup> J Breeze, Community Trustee <sup>1</sup> G Dunger, Parent Trustee <sup>1</sup> H Dunnigan, Staff Trustee (appointed 2 December 2019) <sup>1</sup> O Flack, Community Trustee, Chair of Governors Rev A Johnson, Community Trustee (resigned 20 February 2020) <sup>1</sup> P M Johnson, Parent Trustee (resigned 2 December 2019) <sup>1</sup> S Kelly, Head Teacher <sup>1</sup> S Khetia, Parent Trustee (appointed 2 December 2019) N McCalman, Parent Trustee (appointed 2 December 2019) S Oxley, Community Trustee, Chair of Resources Committee <sup>1</sup>  <sup>1</sup> Members of the Resources Committee
<b>Company registered number</b>	07670723
<b>Company name</b>	Arnold Academy
<b>Principal and registered office</b>	Arnold Academy Hexton Road Barton-Le-Clay Bedfordshire MK45 4JZ
<b>Company secretary</b>	Mrs K Wildey
<b>Senior management team</b>	Mr S Kelly, Headteacher Mrs C McManus, Deputy Headteacher Mrs R Bradford, Assistant Headteacher (resigned 1 September 2019) Mr S Rudkin, Assistant Headteacher Mrs K Wildey, Business Manager Mrs A Wright, Key Stage 2 Leader Mr G Davis, Leader of Curriculum, Assessment and Monitoring (appointed 1 September 2019) Mrs D Bastiani, Leader of Personal Development (appointed 1 September 2019)

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**REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MAY 2020**

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<b>Independent auditors</b>	Streets Audit LLP Chartered Accountants Statutory Auditors Potton House Wyboston Lakes Great North Road Wyboston Bedfordshire MK44 3BZ
<b>Bankers</b>	Lloyds TSB Bank Plc Central Milton Keynes Buckinghamshire MK9 3EH
<b>Solicitors</b>	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B3 2ES

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**GOVERNORS' REPORT**  
**FOR THE YEAR ENDED 31 MAY 2020**

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The Governors present their annual report together with the financial statements and auditors' report of the charitable company for the period 1 September 2019 to 31 May 2020. The annual report serves the purposes of both a Governors' report and a directors' report under company law.

Arnold Academy is a middle school, for children aged 9-13 years, based in Barton-le-Clay in Central Bedfordshire.

Arnold Academy has been a long-standing member of Harlington Area Schools Trust. (HAST). In the Autumn term 2019, Arnold Academy entered into a consultation process to transfer its activities into a new multi-academy trust, initially comprising a number of the schools within HAST, and the Department for Education approved the transfer on 1 June 2020. As a consequence, these accounts are for the period 1 September 2019 to 31 May 2020.

**Structure, governance and management**

**a. Constitution**

The Academy is a company limited by guarantee and an exempt charity. The companies Memorandum and Articles of Association are the primary governing documents of the Academy.

The Governors act as trustees for the charitable activities of the Academy and are also Directors of the charitable company for the purposes of company law. The charitable company is known as Arnold Academy.

Details of the governors who served during the year except as noted are included in the Reference and Administrative details on page 1.

Members of the Academy Trust are appointed by the Secretary of State or from within the Governors to include the Chair of the Governors, the Vice Chair, the Headteacher, the Chair of the Resources/Finance Committee and the Chair of the Teaching and Learning Committee.

**b. Members' liability**

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

**c. Governors' indemnities**

Each member's liability is limited by an indemnity pursuant to the provisions of the Companies Act 2006 in respect of negligence, default, breach of duty or breach of trust in relation to the affairs of the Academy Trust.

**d. Method of recruitment and appointment or election of Governors**

A Governor's term of office shall be 4 years, but this time limit will not apply to the Headteacher, however any Governor may be re-appointed or re-elected.

Vacancies are advertised in local parish newsletters, on academy social media and parent updates. Parent governor nominations are supported by two other parents of children on role. Community governors are determined on the skill set required to match the responsibilities of the role. Elections are held where there is more than one applicant for the vacancy.

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MAY 2020**

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**Structure, governance and management (continued)**

**e. Policies adopted for the induction and training of Governors**

During the period under review the Governors held two Full Governing Body meetings and the Resources Committee met on two occasions. Additional meetings were held by the Head Teachers performance management committee and chairs committee.

All governors are provided with copies of the policies, procedures, minutes, accounts, budgets, plans and other documents they need to undertake their role as governors. New Governors are required to attend a Governor Training course run by the Local Education Authority or such other provider the service to which the Academy subscribes. The Governing Body also continues to hold an informal business meeting at the beginning of the academic year in order to agree roles/responsibilities and to set out the formal meeting dates for the forthcoming year.

**f. Organisational structure**

The management structure of the Academy consists of the Headteacher, one Deputy, one Assistant Head, the Key Stage 2 Leader, the Leader of Curriculum, Assessment and Monitoring, the Leader of Personal Development and the Business Manager.

The 'Pastoral Hub', staffed by non-teachers, has continued to be very successful and has enabled the Head and Deputy Head to concentrate more time on their strategic and operational roles and providing back up and a degree of succession planning. The overall structure remains the same, consisting of three levels: The Members of the Academy, The Governors and the Senior Leadership Team. The aim of the structure is to devolve responsibility and encourage involvement in decision making at all levels and avoid undue bureaucracy or replication of works and roles.

The Members have delegated their powers to the Governors who are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making decisions about the direction of the Academy, capital expenditure and senior staff appointments.

Some spending control is devolved to department heads and to the office manager, but the senior managers can authorise expenditure within agreed limits and budgets but capital or other significant expenditure requires authorisation by the Resources committee of the Governors subject to the Academy's best value policy.

The Senior Leadership Team is responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and pupils.

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

The pay scales for key management personnel are set in accordance with the school group size defined as per DfE guidelines. The Headteacher's performance is reviewed with the support of an independent external consultant who advises the Headteacher's performance management committee, which reports to the FGB. The performance of the rest of the senior leadership team is reviewed by the Headteacher, who reports findings and makes recommendations to the full governing body.

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MAY 2020**

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**Structure, governance and management (continued)**

**h. Trade union facility time**

**Relevant union officials**

Number of employees who were relevant union officials during the year	2
Full-time equivalent employee number	2

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	2
1%-50%	-
51%-99%	-
100%	-

**Percentage of pay bill spent on facility time** **£**

Total cost of facility time	-
Total pay bill	-
Percentage of total pay bill spent on facility time	- %

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	- %
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**i. Related parties and other connected charities and organisations**

Arnold Academy was a member of the Harlington Area Schools Trust (HAST) throughout the period. HAST consisted of 13 local schools operating within one 'pyramid' feeding Harlington Upper School.

Arnold Academy PTA is a separate registered charity which holds fundraising events for the Academy Trust.

There are no other subsidiary companies or associated organisations.

**Objectives and activities**

**a. Objects and aims**

The principal objective and activity of the Academy Trust is the operation of Arnold Academy to provide education for pupils of different abilities between the ages of 9 and 13 and to advance for the public benefit education in the United Kingdom.

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MAY 2020**

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**Objectives and activities (continued)**

**b. Objectives, strategies and activities**

The Academy's main strategy is encompassed in its mission statement which is "the best we can be in all that we do". To this end the activities include:

- delivering an outstanding educational experience for all pupils through excellent teaching, inventive curricular experiences and modern facilities
- identifying and overcoming barriers to learning through early intervention enabling every child to achieve their potential
- engaging parents, carers and support networks in effective communication to enhance the holistic approach to learning
- establishing sustainable cross phase partnerships that enable schools to pool resources and raise overall standards
- celebrating with the wider community all the achievements of Arnold Academy.

**c. Public benefit**

The Academy has a strategy to support the local community and deliver wider public benefit by offering its premises and facilities to community groups for their use where possible and economic to do so.

**d. Equal opportunities policy**

The governors recognise that equal opportunities should be an integral part of good practice within the workplace. The Academy aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

**e. Employee involvement and employment of the disabled**

Lifts, ramps and disabled toilets are installed and door widths are adequate to enable wheelchair access to all the main areas of the Academy. It is a policy of the Academy to support recruitment and retention of the students and employees with disabilities. The Academy does this by adapting the physical environment, by making support resources available and through training and career development.

The Academy Trust has implemented a number of detailed policies in relation to all aspects of personnel matters including:

- Equal Opportunities Policy
- Volunteers' Policy
- Health & Safety Policy

In accordance with the Academy Trust's Equal Opportunities Policy, the Academy Trust has long established fair employment practices in the recruitment, selection, retention and training of disabled staff.

Full details of these policies are available from the Academy Trust's offices.



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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MAY 2020**

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**Strategic report**

**Achievements and performance**

**a. Key performance indicators**

The Academy has continued to build on the strong performance of previous years. Structures and practice are effectively embedded and continue to achieve outcomes in learning that are improving year on year and remain significantly above local and national benchmarks. Pupil progress over the four years at Arnold remains strong for all groups of pupils. The most recent Key Stage 2 SAT results remained amongst the highest in the local authority and significantly above national and local averages. The new intake number at year five has again been strong and there has been a steady increase in the number of pupils throughout the year as new pupils have been attracted following successful results across the year groups.

The Academy was successful in its bids to the Condition Improvement Fund in the previous year, and two projects started in 2018/19 have now been completed at a total value of £760,000:

- Replacement of all flat roofs
- Distribution Works – to improve, update and extend the Academy's heating system.

Both projects are enormously beneficial, preventing water leakage and consequential damage, gains in energy efficiency and a reduction in energy cost.

Rigorous processes have been fully embedded into performance management procedures for all staff. The new curriculum and assessment procedures introduced in 2018/19 have been fully adopted and embraced. Year 5 pupils continue to be benchmarked at the start of the academic year so that their progress can be tracked more accurately throughout their time at Arnold.

The Academy continues to ensure that raising standards and improving enrichment remain high on the agenda. In particular, the transition into and out of the school is well managed, ensuring pupils are happy and that their academic and personal development is not adversely affected. In all these respects new targets and increased rigour of teaching and assessment ensure that standards and achievements continue to improve.

Arnold has continued to build upon the success of the 18/19 year but has no new SAT results to report as the examinations were cancelled due to Covid. The Academy remained open to vulnerable and key worker children during the lockdown period. All pupils were provided with curriculum materials and prepared lessons electronically and all pupils were contacted at least once per week by their teachers, maintaining pastoral support as well as academic assistance and feedback. Parents have been very positive and appreciative of all the measures put in place during this difficult period.

**b. Going concern**

The Board of Governors has prepared the accounts on a break up basis, following the decision to transfer Arnold Academy into The Pyramid Schools Trust, a multi academy trust on 1 June 2020.

The Governors' expect the school will continue to operate within The Pyramid Schools Trust and the net assets stated on the Balance Sheet were transferred to the multi academy trust on 1 June 2020.

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MAY 2020**

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**Strategic report (continued)**

**Financial review**

**a. Reserves policy**

The Governors continue to review the reserve levels of the Academy termly. This review examines the income and expenditure streams against the forecasts to match commitments etc, and to identify or forecast any potential shortfall. As a minimum, a reserve to provide sufficient working capital to cover delays between spending and receipt of income from the applicable streams and to provide a cushion for unexpected expenditure and emergencies is retained. The Academy seeks to keep reserves at this level, subject to constant and on-going review.

At 31 May 2020, the Academy held fund balances of £417,549 (2019 £380,742), comprising £202,633 (2019 £134,324) restricted funds and £268,916 (2019 £246,418) unrestricted funds. The trust also has restricted fixed asset fund amounting to £6,943,731 (2019 £7,611,184).

**b. Investment policy**

All cash balances held by the academy remain in the academy bank account and are fully committed to the budget for the following year, therefore, the academy does not currently require an Investment Policy.

**c. Principal risks and uncertainties**

We have been encouraged by recent government pledges on education spending. However with a fluctuating political situation it is impossible to make any clear commitments based on government policy. Levels of school funding have been a significant threat, with the academy having to make year-on-year real terms cuts to expenditure in all areas. On a local level, whilst the HAST pyramid remains strong, Central Bedfordshire Council has a clearly stated aim to move to two-tier. There is also ongoing housebuilding in the immediate and surrounding area, with a large increase expected in the next decade. However, a projected increase in pupil numbers and the significant investment in the fabric of the academy means that the school would be able to adapt to any potential changes of school structure.

The issue of school funding remains the critical long term risk to the academy; real terms and actual funding per pupil remain uncertain. This, coupled with increasing staff costs caused by unfunded pay rises, incremental pay increases, changes to national insurance contributions and changes to employer pension contributions mean that the academy continues to find it increasingly challenging to maintain the high standards it has set and the successes it has achieved.

The governors believe that the transfer into the multi-academy trust will help to mitigate against these risks and uncertainties.

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**GOVERNORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 MAY 2020**

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**Strategic report (continued)**

**Financial review (continued)**

**d. General information**

Most of the Academy's income is obtained from the ESFA, the use of which is restricted to particular purposes. Any grants or other sources of income are shown in the Statement of Financial Activities.

During the period, expenditure totalled £3,275,847 (2019 £4,056,863), versus income of £2,699,201 (2019 £4,096,426) as the academy completed the CIF projects started in the previous year and covered by grants awarded in 2018/19. As in previous years, operating activities have required the utilisation of accumulated reserves carried over from the previous year. In response to 'year on year' reduced funding, all expenditure remains under constant review. In particular, natural staff turnover and retirements have enabled the school to continue to review staffing levels, re-structuring existing staff to back fill key roles and where possible, recruiting strategically to reduce costs. The Governors are aware that payroll costs are a high percentage of income received, partly due to nationally agreed annual pay rises and increased pension contributions but also due to valued and experienced staff, the majority of which are now on the Upper Pay Scales.

**Fundraising**

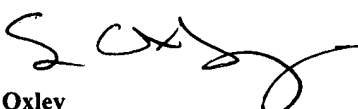
The Academy benefits from the PTA's fundraising activities, designed to provide funds for specific projects such as the new minibus. The Academy also asks for small parental contributions towards design, technology and art activities.


**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 \_\_\_\_\_ and signed on its behalf by:

  
**S Oxley**  
Chair of Governors

  
**S Kelly**  
Headteacher and Accounting Officer

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**ARNOLD ACADEMY**  
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**GOVERNANCE STATEMENT**

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**Scope of responsibility**

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

The board of Governors has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Arnold Academy 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 2 times during the period.

Attendance during the period at meetings of the board of Governors was as follows:

Governor	Meetings attended	Out of a possible
C Barbour	0	0
D Bastiani	1	2
J Breeze	2	2
G Dunger	2	2
H Dunnigan	2	2
O Flack	2	2
Rev A Johnson	0	1
P M Johnson	0	0
S Kelly, Headteacher and Accounting Officer	2	2
S Khetia, Parent Trustee	1	2
N McCalman, Parent Trustee	2	2
S Oxley, Community Trustee, Chair of Resources Committee	2	2

Mrs K Wildey (Business Manager) also attends meetings of the Board of Governors and Mrs E Prentice or Mrs G Williams attends as Clerk to the Governors.

**Governance reviews:**

The Board of Governors reviewed their roles and responsibilities in 2018/19 in line with the new OFSTED framework. Self evaluation forms were used to assess the governors' areas of interest and expertise and it was agreed that they would attend some of the weekly staff meetings to increase Governor involvement in the running of the school.

The Resources Committee is a sub-committee of the main board of Governors. Its purpose is to monitor, evaluate and review policy and performance in relation to financial management, comply with reporting and regulatory requirements, receive reports from the Responsible Officer and auditors and draft the annual budget.

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**ARNOLD ACADEMY**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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**Governance (continued)**

Attendance at Resources Committee during the period was as follows:

Governor	Meetings attended	Out of a possible
S Oxley	2	2
J Breeze	0	2
G Dunger	2	2
Rev A Johnson	0	1
S Kelly	2	2
D Bastiani	2	2
H Dunnigan	2	2

Mrs K Wildey (Business Manager) and D Childs (Site Agent) also attend meetings of the Board of Resources Committee, and other Governors attended the Resources Committee meetings as observers.

**Review of value for money**

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

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

Improving educational outcomes remains a key priority for Arnold Academy. We are committed to each pupil achieving their potential through academic achievement; additional curricular activities and an extensive variety of enrichment opportunities, contributing to the development of the whole person and help them prepare for transition to the upper school.

Targeted Improvement: Arnold Academy continues to use robust tracking methodology for monitoring achievement and is continually reviewing how data can inform staff, enabling them to support and extend pupils learning. Using skilled staff we have a number of intervention techniques that allow us to focus on pupil's learning needs; encouraging innovation and creativity to meet those needs.

Focus on individual pupils: Arnold Academy offers a comprehensive support system and a specialist learning provision. Where appropriate, pupils benefit from one-to one mentoring; small group working and assistance from external specialist agency resources. The Academy rewards excellence and promotes positive behaviour. Achievement is celebrated and all pupils are encouraged to stretch their abilities by trying new activities, developing confidence and leaderships skills.

Collaboration: As a leading member of HAST (Harlington Area Schools' Trust) the Academy works closely with its partner lower schools, middle school and the upper school. Regular meetings of staff at all levels ensure the sharing of good practice and the seamless transition for pupils between schools. One of the core aims for the MAT is to enable an even closer working relationship on the curriculum moving forward.

Quantifying Improvements: All pupils are mapped and tracked via our comprehensive data management system. Results are readily identifiable so that improvement or intervention measures can be quickly deployed.

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**GOVERNANCE STATEMENT (CONTINUED)**

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**Review of value for money (continued)**

Financial governance and oversight: The resources committee and full governing body (FGB) receive regular (termly) written financial reports based upon the monthly reported income and expenditure. The FGB approves the school budget that has been previously discussed and approved by the resources committee. It is well understood the need to balance expenditure against income, ensuring the Academy Trust remains a going concern. The FGB receives and approves the school's annual accounts and external Auditors Report. The academy has a responsible officer who visits the school termly; tests the financial data and provides a written report to the FGB, which is minuted at the resources committee. The academy has an appropriate 'delegation of authority' in place, ensuring the expenditure is transparent.

Better Purchasing: All contracts and services are routinely reviewed in line with best practice and re-negotiated when appropriate to maintain best value. The Academy obtains three quotes on large expenditure and where this is not achievable, the reasons documented. Arnold Academy continues to be a member of a purchasing consortium, thus maximising leverage on group purchasing. All staff continually look for competitive pricing and use various procurement tools and economies of scale etc. As part of HAST, we routinely benchmark our financial performance against other schools in order to evidence 'good value for money' principles. Again the MAT will provide more opportunities to be a purchasing consortium.

Better Income Generation: Arnold Academy continues to explore all revenue stream opportunities, through the effective hire of its premises and resources to local clubs and sport teams. In addition the school is regularly hired by both educational and non-educational organisations.

Reviewing Controls and Managing Risks: Produced monthly, financial monitoring reports are regularly reviewed by both the Business Manager and Headteacher. In addition, they are presented termly to the FGB. Any significant variances are reported to the FGB and Trustees and where appropriate, remedial action taken. The school's finance department maintains a cash-flow spreadsheet, ensuring timely expenditure, when compared against monthly income received from the ESFA. The Academy does not have large 'cash at bank' balances that require an investment strategy.

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Arnold Academy for the period 1 September 2019 to 31 May 2020 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 Trust 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 Trust's significant risks that has been in place for the period 1 September 2019 to 31 May 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Governors.

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**GOVERNANCE STATEMENT (CONTINUED)**

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**The risk and control framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of 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 Mrs S Baker, an independent reviewer, to carry out a programme of internal checks.

The reviewer's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular the checks carried out in the current period included procurement, testing purchasing, invoices, payments, authorisation limits, bank reconciliations and staff salaries.

On a termly basis, the reviewer reports to the board of Governors through the resources committee on the operation of the systems of control and on the discharge of the Governors' financial responsibilities.

Mrs S Baker delivered the schedule of work as planned, and provided two reports detailing the findings of her review.

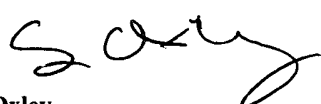
**Review of effectiveness**

As accounting officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

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

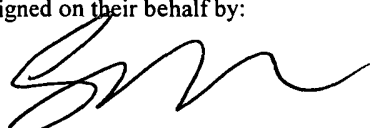
The accounting officer has been advised of the implications of the result of their review of the system of internal control by the resources committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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



**S Oxley**  
Chair of Governors

Date: 19.10.20



**S Kelly**  
Headteacher and Accounting Officer

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**ARNOLD ACADEMY**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As accounting officer of Arnold Academy I have considered my responsibility to notify the Academy Trust 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 Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Academy Trust board of Governors are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2019.

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.



**S Kelly**  
Accounting Officer

Date: 19.10.20



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**ARNOLD ACADEMY**  
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**STATEMENT OF GOVERNORS' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 MAY 2020**

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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 period. 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:

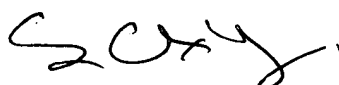
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting 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 and signed on its behalf by:

  
S Oxley  
Chair of Governors  
Date: 19.10.20

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**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
ARNOLD ACADEMY**

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**Opinion**

We have audited the financial statements of Arnold Academy (the 'academy trust') for the year ended 31 May 2020 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 2019 to 2020 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 Trust's affairs as at 31 May 2020 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 2019 to 2020 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 Trust 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 Trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
ARNOLD ACADEMY (CONTINUED)**

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**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 Trust 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.

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**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
ARNOLD ACADEMY (CONTINUED)**

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**Responsibilities of trustees**

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

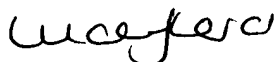
**Auditors' responsibilities for the audit of the financial statements**

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](http://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 Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an 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 Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Linda J Lord BSc BFP FCA TEP (Senior Statutory Auditor)**

for and on behalf of  
**Streets Audit LLP**  
Chartered Accountants  
Statutory Auditors  
Potton House  
Wyboston Lakes  
Great North Road  
Wyboston  
Bedfordshire  
MK44 3BZ

Date: 26 October 2020

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**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ARNOLD  
ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 24 October 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Arnold Academy during the year 1 September 2019 to 31 May 2020 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 Arnold Academy and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Arnold Academy 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 Arnold Academy and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Arnold Academy's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Arnold Academy's funding agreement with the Secretary of State for Education dated 8 July 2011 and the Academies Financial Handbook, extant from 1 September 2019, 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 2019 to 2020. 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 2019 to 31 May 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 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 Trust's income and expenditure.

The work undertaken to draw our conclusions included:

- Review of the academy's systems and controls to ensure effective design
- Confirmation of satisfactory operation of controls during the year, including authorisation of invoices, payments and salary adjustments
- Review of a sample of expenses focusing on those areas considered to include transactions of a greater risk
- Review of the reports from internal scrutiny work undertaken during the year
- Discussions with the finance team

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**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ARNOLD  
ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

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**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 2019 to 31 May 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Linda J Lord BSc BFP FCA TEP**

**Streets Audit LLP**

Date: 26 October 2020

**ARNOLD ACADEMY**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 MAY 2020**

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
<b>Income from:</b>						
Donations and capital grants	3	37,181	3,248	13,090	53,519	956,724
Charitable activities		-	2,634,640	-	2,634,640	3,133,387
Other trading activities		10,753	-	-	10,753	5,931
Investments	6	289	-	-	289	384
<b>Total income</b>		<b>48,223</b>	<b>2,637,888</b>	<b>13,090</b>	<b>2,699,201</b>	<b>4,096,426</b>
<b>Expenditure on:</b>						
Raising funds		24,628	-	-	24,628	121,875
Charitable activities	8	-	2,561,072	690,147	3,251,219	3,934,988
<b>Total expenditure</b>		<b>24,628</b>	<b>2,561,072</b>	<b>690,147</b>	<b>3,275,847</b>	<b>4,056,863</b>
<b>Net income/(expenditure)</b>		<b>23,595</b>	<b>76,816</b>	<b>(677,057)</b>	<b>(576,646)</b>	<b>39,563</b>
Transfers between funds	18	(1,097)	(8,507)	9,604	-	-
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>22,498</b>	<b>68,309</b>	<b>(667,453)</b>	<b>(576,646)</b>	<b>39,563</b>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	23	-	-	-	-	(275,000)
<b>Net movement in funds</b>		<b>22,498</b>	<b>68,309</b>	<b>(667,453)</b>	<b>(576,646)</b>	<b>(235,437)</b>

**ARNOLD ACADEMY**  
(A Company Limited by Guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE  
ACCOUNT) (CONTINUED)**  
**FOR THE YEAR ENDED 31 MAY 2020**

Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
<b>Reconciliation of funds:</b>					
Total funds brought forward	246,418	(787,676)	7,611,184	7,069,926	7,305,363
Net movement in funds	22,498	68,309	(667,453)	(576,646)	(235,437)
<b>Total funds carried forward</b>	<b>268,916</b>	<b>(719,367)</b>	<b>6,943,731</b>	<b>6,493,280</b>	<b>7,069,926</b>

The Statement of Financial Activities includes all gains and losses recognised in the period.

The notes on pages 26 to 50 form part of these financial statements.



**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 07670723**

**BALANCE SHEET**  
**AS AT 31 MAY 2020**


	Note	31 May 2020 £	31 August 2019 £
<b>Fixed assets</b>			
Tangible assets	14	6,943,731	7,168,374
		<u>6,943,731</u>	<u>7,168,374</u>
<b>Current assets</b>			
Debtors	15	120,253	466,631
Cash at bank and in hand		469,369	769,294
		<u>589,622</u>	<u>1,235,925</u>
Creditors: amounts falling due within one year	16	(62,023)	(346,132)
<b>Net current assets</b>		<u>527,599</u>	<u>889,793</u>
<b>Total assets less current liabilities</b>		<u>7,471,330</u>	<u>8,058,167</u>
Creditors: amounts falling due after more than one year	17	(56,050)	(66,241)
<b>Net assets excluding pension liability</b>		<u>7,415,280</u>	<u>7,991,926</u>
Defined benefit pension scheme liability	23	(922,000)	(922,000)
<b>Total net assets</b>		<u><u>6,493,280</u></u>	<u><u>7,069,926</u></u>

**ARNOLD ACADEMY**  
(A Company Limited by Guarantee)

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 MAY 2020**

	Note	31 May 2020 £	31 August 2019 £
<b>Funds of the Academy Trust</b>			
<b>Restricted funds:</b>			
Fixed asset funds	18	6,943,731	7,611,184
Restricted income funds	18	202,633	134,324
Restricted funds excluding pension asset	18	7,146,364	7,745,508
Pension reserve	18	(922,000)	(922,000)
<b>Total restricted funds</b>	18	<b>6,224,364</b>	<b>6,823,508</b>
<b>Unrestricted income funds</b>	18	<b>268,916</b>	<b>246,418</b>
<b>Total funds</b>		<b>6,493,280</b>	<b>7,069,926</b>

The financial statements on pages 21 to 50 were approved by the Governors, and authorised for issue on and are signed on their behalf, by:



**S Oxley**  
Chair of Governors



**S Kelly**  
Headteacher and Accounting Officer

The notes on pages 26 to 50 form part of these financial statements.

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**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MAY 2020**

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	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	20	(304,972)	(27,012)
<b>Cash flows from investing activities</b>	21	5,047	9,300
<b>Change in cash and cash equivalents in the year</b>		(299,925)	(17,712)
Cash and cash equivalents at the beginning of the year		769,294	787,006
<b>Cash and cash equivalents at the end of the year</b>	22	<u>469,369</u>	<u>769,294</u>

The notes on pages 26 to 50 form part of these financial statements

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**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2020**

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**1. Accounting policies**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the 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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Arnold Academy meets the definition of a public benefit entity under FRS 102.

**1.2 Going concern**

The activities of Arnold Academy were transferred to The Pyramid Schools trust on 1 June 2020 and, as a consequence, these financial statements have been prepared on a cessation basis.

**1.3 Income**

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

- **Grants**

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

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

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

- **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 period it is receivable and to the extent the Academy Trust has provided the goods or services.

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**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2020**

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**1. Accounting policies (continued)**

**1.4 Expenditure**

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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

**1.5 Interest receivable**

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

**1.6 Taxation**

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

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

**1.7 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.

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**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2020**

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**1. Accounting policies (continued)**

**1.7 Tangible fixed assets (continued)**

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

Depreciation is provided on the following bases:

Freehold property	- over the remaining useful life of 25.78 years
Plant and machinery	- 20% per annum straight line
Fixtures, fittings and equipment	- 15% or 20% per annum straight line
Motor vehicles	- 20% per annum straight line

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

**1.8 Liabilities**

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

**1.9 Financial instruments**

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement 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 Trust'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 notes 16 and 17. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the Academy Trust's wholly owned subsidiary are held at face value less any impairment.

**1.10 Operating leases**

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

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**ARNOLD ACADEMY**  
**(A Company Limited by Guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2020**

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**1. Accounting policies (continued)**

**1.11 Pensions**

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

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

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to 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.

**1.12 Fund accounting**

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

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

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

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

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

**ARNOLD ACADEMY**  
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 2020**

**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 23, 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 May 2020. 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.

**3. Income from donations and capital grants**

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	16,886	3,248	-	20,134	47,720
Government grants	-	-	13,090	13,090	804,800
School fund income	20,295	-	-	20,295	104,204
	<u>37,181</u>	<u>3,248</u>	<u>13,090</u>	<u>53,519</u>	<u>956,724</u>
<i>Total 2019</i>	<u>124,121</u>	<u>27,803</u>	<u>804,800</u>	<u>956,724</u>	



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**4. Funding for the Academy Trust's educational operations**

	<b>Restricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<b>Total funds 2019 £</b>
<b>DfE/ESFA grants</b>			
General Annual Grant	2,010,398	2,010,398	2,521,293
Other DfE/ESFA grants	290,842	290,842	179,546
	<u>2,301,240</u>	<u>2,301,240</u>	<u>2,700,839</u>
<b>Other government grants</b>			
Local authority grants	170,494	170,494	309,462
	<u>170,494</u>	<u>170,494</u>	<u>309,462</u>
<b>Other Funding</b>			
Catering	79,486	79,486	117,868
Consultancy and other income	1,087	1,087	2,987
Study books	3,806	3,806	2,231
MAT development consultancy fees	78,527	78,527	-
	<u>2,634,640</u>	<u>2,634,640</u>	<u>3,133,387</u>
<i>Total 2019</i>	<u><u>3,133,387</u></u>	<u><u>3,133,387</u></u>	

**5. Income from other trading activities**

	<b>Unrestricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<b>Total funds 2019 £</b>
Hire of facilities	10,753	10,753	5,931
	<u>10,753</u>	<u>10,753</u>	
<i>Total 2019</i>	<u><u>5,931</u></u>	<u><u>5,931</u></u>	

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**6. Investment income**

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Interest received	289	289	384
	<u>289</u>	<u>289</u>	<u>384</u>
<i>Total 2019</i>	<u>384</u>	<u>384</u>	

**7. Expenditure**

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
Expenditure on raising voluntary income:					
Direct costs	-	-	24,628	24,628	121,875
Educational operations:					
Direct costs	1,964,724	-	57,623	2,022,347	2,458,050
Allocated support costs	340,227	509,154	379,491	1,228,872	1,476,938
	<u>2,304,951</u>	<u>509,154</u>	<u>461,742</u>	<u>3,275,847</u>	<u>4,056,863</u>
<i>Total 2019</i>	<u>2,824,188</u>	<u>209,772</u>	<u>1,022,903</u>	<u>4,056,863</u>	

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**8. Analysis of expenditure on charitable activities**

**Summary by fund type**

	<b>Restricted funds 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
Educational operations	3,251,219	3,251,219	3,934,988
<i>Total 2019</i>	3,934,988	3,934,988	

**9. Analysis of expenditure by activities**

	<b>Activities undertaken directly 2020 £</b>	<b>Support costs 2020 £</b>	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
Educational operations	2,022,347	1,228,872	3,251,219	3,934,988
<i>Total 2019</i>	2,458,050	1,476,938	3,934,988	

**Analysis of direct costs**

	<b>Total funds 2020 £</b>	<i>Total funds 2019 £</i>
Staff costs	1,948,391	2,315,777
Educational Supplies	42,218	50,472
Agency staff costs	16,333	11,117
Restorative Practice	15,405	80,684
	2,022,347	2,458,050

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**9. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	<b>Total funds 2020 £</b>	<b>Total funds 2019 £</b>
Net interest cost on LGPS pension	-	14,000
Staff costs	340,227	497,294
Depreciation	230,638	312,360
Staff development	4,185	6,917
Technology	45,362	64,855
Recruitment and support	3,331	7,975
Maintenance of premises and Equipment	18,321	32,429
Cleaning	1,866	3,154
Rent and rates	21,014	28,493
Energy costs	29,458	28,416
Insurance	8,329	23,878
Security and transport	762	4,451
Catering	36,224	55,535
Other costs	18,460	25,217
Expansion costs	-	22,146
CIF costs	459,509	333,589
Governance costs	11,186	16,229
	<b>1,228,872</b>	<b>1,476,938</b>

**10. Net income/(expenditure)**

Net income/(expenditure) for the year includes:

	<b>31 May 2020 £</b>	<b>31 August 2019 £</b>
Depreciation of tangible fixed assets	230,638	312,360
Gain on disposal of fixed assets	-	(2,985)
Fees paid to auditors for:		
- audit	7,200	7,425
- other services	3,130	5,146

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**11. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	1,749,410	2,156,605
Social security costs	151,970	188,169
Pension costs	387,238	468,297
	<u>2,288,618</u>	<u>2,813,071</u>
Agency staff costs	16,333	11,117
	<u>2,304,951</u>	<u>2,824,188</u>
	2020 £	2019 £
Severance payments	-	7,656
	<u>-</u>	<u>7,656</u>

**b. Non-statutory/non-contractual staff severance payments**

There were no non-statutory/non contractual severance payment made during the period (2019 one severance payments was made to one individual amounting to £7,656).

**c. Staff numbers**

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

	2020 No.	2019 No.
Management	7	6
Teaching staff	34	30
Support Staff	61	60
	<u>102</u>	<u>96</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2020**

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**11. Staff costs (continued)**

**c. Staff numbers (continued)**

The average headcount expressed as full-time equivalents was:

	2020 No.	2019 No.
Management	7	6
Teaching staff	30	28
Support staff	37	36
	<u>74</u>	<u>70</u>

**d. Higher paid staff**

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	-	1
In the band £70,001 - £80,000	1	-
In the band £100,001 - £110,000	1	-
	<u>1</u>	<u>-</u>

**e. Key management personnel**

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £422,841 (2019 - £426,728).

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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. Governors' remuneration and expenses**

One or more Governors has been paid remuneration or has received other benefits from an employment with the Academy Trust. 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:

		2020 £	2019 £
S Kelly, Headteacher	Remuneration	85,000 - 90,000	80,000 - 85,000
	Pension contributions paid	10,000 - 15,000	10,000 - 15,000
H Dunnigan, Staff Trustee (appointed 2 December 2019)	Remuneration	20,000 - 25,000	
	Pension contributions paid	5,000 - 10,000	
D Bastiani, Staff Trustee	Remuneration	35,000 - 40,000	35,000 - 40,000
	Pension contributions paid	5,000 - 10,000	5,000 - 10,000

During the year ended 31 May 2020, no Governor expenses have been incurred (2019 - £NIL).

**13. Governors' and Officers' insurance**

The Academy Trust has opted into the Department of 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 membership.

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**14. Tangible fixed assets**

	Freehold property £	Furniture and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 September 2019	8,711,487	91,991	5,000	8,808,478
Additions	-	-	5,995	5,995
At 31 May 2020	8,711,487	91,991	10,995	8,814,473
<b>Depreciation</b>				
At 1 September 2019	1,547,400	87,704	5,000	1,640,104
Charge for the year	228,075	2,263	300	230,638
At 31 May 2020	1,775,475	89,967	5,300	1,870,742
<b>Net book value</b>				
At 31 May 2020	6,936,012	2,024	5,695	6,943,731
At 31 August 2019	7,164,087	4,287	-	7,168,374

**15. Debtors**

	31 May 2020 £	31 August 2019 £
<b>Due within one year</b>		
Trade debtors	407	460
Prepayments and accrued income	75,793	391,261
VAT recoverable	44,053	74,910
	120,253	466,631



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**16. Creditors: Amounts falling due within one year**

	<b>31 May 2020 £</b>	<i>31 August 2019 £</i>
Other loans	10,191	10,191
Trade creditors	1,638	248,728
Accruals and deferred income	50,194	87,213
	<u>62,023</u>	<u>346,132</u>

At the balance sheet date the academy trust was holding £26,708 (2019 £24,307) income received in advance of school trips and £7,478 (2019 £3,413) income received in advance for catering income.

Other loans represents the first instalments of a Salix loan totalling £81,527, which awarded to the academy by the ESFA in 2018/19, and falling due for payment within one year.

**17. Creditors: Amounts falling due after more than one year**

	<b>31 May 2020 £</b>	<i>31 August 2019 £</i>
Other loans	56,050	66,241

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	<b>31 May 2020 £</b>	<i>31 August 2019 £</i>
Payable or repayable by instalments	15,286	25,477
	<u>15,286</u>	<u>25,477</u>

The academy was awarded a Salix loan totalling £81,527 by the ESFA in 2018/19. The loan is repayable in half yearly instalments of £5,095, with £56,050 being due after one year. Instalments totalling £15,286 are repayable after more than five years.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Statement of funds**

	Balance at 1 Sept. 2019 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 May 2020 £
<b>Unrestricted funds</b>					
<b>Designated funds</b>					
School funds	32,976	20,295	(24,628)	-	28,643
<b>General funds</b>					
General Funds	213,442	27,928	-	(1,097)	240,273
<b>Total Unrestricted funds</b>	<b>246,418</b>	<b>48,223</b>	<b>(24,628)</b>	<b>(1,097)</b>	<b>268,916</b>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	109,008	2,010,398	(2,000,878)	(6,007)	112,521
Other DfE/ESFA grants	-	290,842	(226,973)	-	63,869
Local authority grants	-	154,661	(154,661)	-	-
Catering	-	79,486	(79,486)	-	-
Donations and other income	-	1,087	(1,087)	-	-
PTA Donation	-	3,248	(249)	(2,500)	499
Study books	-	3,806	(3,806)	-	-
Restorative Practice	25,316	15,833	(15,405)	-	25,744
Consultancy to HAST	-	78,527	(78,527)	-	-
Pension reserve	(922,000)	-	-	-	(922,000)
	<b>(787,676)</b>	<b>2,637,888</b>	<b>(2,561,072)</b>	<b>(8,507)</b>	<b>(719,367)</b>
<b>Restricted fixed asset funds</b>					
Fixed Asset Reserve	7,168,374	-	(230,638)	5,995	6,943,731
DfE/ESFA Capital Grants	-	13,090	-	(13,090)	-
CIF Works	442,810	-	(459,509)	16,699	-
	<b>7,611,184</b>	<b>13,090</b>	<b>(690,147)</b>	<b>9,604</b>	<b>6,943,731</b>
<b>Total Restricted funds</b>	<b>6,823,508</b>	<b>2,650,978</b>	<b>(3,251,219)</b>	<b>1,097</b>	<b>6,224,364</b>
<b>Total funds</b>	<b>7,069,926</b>	<b>2,699,201</b>	<b>(3,275,847)</b>	<b>-</b>	<b>6,493,280</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 2020**

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**18. Statement of funds (continued)**

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

**Designated Funds**

School Fund: The Academy maintains a separate school fund which includes income and expenditure relating to school trips and other fundraising activities.

**General Funds**

The Academy's general fund represents income and expenditure relating to activities undertaken by the academy as part of its charitable activities. The Academy can use these funds for any purpose.

**Restricted Funds**

The Academy received a number of grants during the year for the purpose of providing educational services to its pupils. These funds included grants from the ESFA for the General Annual Grant (GAG) and Pupil Premium. These grants have been used for staff costs, educational resources and general costs incurred in the running of the Academy. Reserve balance carried forward at 31 August 2020 include unspent grants given for the period April to August 2020.

The PTA donated £2,500 towards the new minibus, £18 for cookery club and £231 towards Library books that were spent in the period. During the period the PTA also donated £499 towards a water fountain which was unspent as at the 31 May 2020.

Pension Reserve - As stated in note 23 the Academy is a participating employer in two defined benefit pension schemes. The liabilities relating to Arnold Academy can only be determined for one of these schemes. A separate reserve has been included to show the impact of the changes in valuation of this pension scheme.

**Restricted Fixed Asset Funds**

Assets which are capitalised in the accounts are represented by a separate fund within the Restricted Fixed Assets reserves. The Academy continued to receive income from Devolved Formula Capital (DFC) grant which was used to towards the distribution CIF works.

In 2018/19 the Academy was awarded CIF funding totalling £765,272 for roofing and distribution works. Work commenced in the summer of 2019 and was completed in January 2020, supported by a contributions from the school's DFC and other reserves.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 May 2020.

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**18. Statement of funds (continued)**

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

	<i>1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains/ (Losses) £</i>	<i>31 August 2018 £</i>
<b>Unrestricted funds</b>					
<b>Designated funds</b>					
School funds	50,647	104,204	(121,875)	-	32,976
<b>General funds</b>					
General Funds	187,210	26,232	-	-	213,442
<b>Total Unrestricted funds</b>	<u>237,857</u>	<u>130,436</u>	<u>(121,875)</u>	<u>-</u>	<u>246,418</u>
<b>Restricted general funds</b>					
General Annual Grant (GAG)	89,499	2,502,873	(2,483,364)	-	109,008
Other DfE/ESFA grants	-	197,966	(197,966)	-	-
Local authority grants	-	203,462	(203,462)	-	-
Catering	-	117,868	(117,868)	-	-
Donations and other income	-	16,274	(16,274)	-	-
PTA Donation	-	14,516	(14,516)	-	-
Study books	-	2,231	(2,231)	-	-
Restorative Practice	-	106,000	(80,684)	-	25,316
Pension reserve	(536,000)	-	(111,000)	(275,000)	(922,000)
	<u>(446,501)</u>	<u>3,161,190</u>	<u>(3,227,365)</u>	<u>(275,000)</u>	<u>(787,676)</u>
<b>Restricted fixed asset funds</b>					
Fixed Asset Reserve	7,480,734	-	(312,360)	-	7,168,374
DfE/ESFA Capital Grants	-	39,528	(39,528)	-	-
Expansion Project	33,273	-	(33,273)	-	-
CIF Works	-	765,272	(322,462)	-	442,810
	<u>7,514,007</u>	<u>804,800</u>	<u>(707,623)</u>	<u>-</u>	<u>7,611,184</u>
<b>Total Restricted funds</b>	<u>7,067,506</u>	<u>3,965,990</u>	<u>(3,934,988)</u>	<u>(275,000)</u>	<u>6,823,508</u>

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**18. Statement of funds (continued)**

	<i>1 September 2017</i>	<i>Income</i>	<i>Expenditure</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2019</i>
	£	£	£	£	£
<b>Total funds</b>	<b>7,305,363</b>	<b>4,096,426</b>	<b>(4,056,863)</b>	<b>(275,000)</b>	<b>7,069,926</b>

**19. Analysis of net assets between funds**

**Analysis of net assets between funds - current period**

	<b>Unrestricted funds 31 May 2020</b>	<b>Restricted funds 31 May 2020</b>	<b>Restricted fixed asset funds 31 May 2020</b>	<b>Total funds 31 May 2020</b>
	£	£	£	£
Tangible fixed assets	-	-	6,943,731	<b>6,943,731</b>
Current assets	268,916	320,706	-	<b>589,622</b>
Creditors due within one year	-	(62,023)	-	<b>(62,023)</b>
Creditors due in more than one year	-	(56,050)	-	<b>(56,050)</b>
Provisions for liabilities and charges	-	(922,000)	-	<b>(922,000)</b>
<b>Total</b>	<b>268,916</b>	<b>(719,367)</b>	<b>6,943,731</b>	<b>6,493,280</b>

**Analysis of net assets between funds - prior period**

	<i>Unrestricted funds 31 August 2019</i>	<i>Restricted funds 31 August 2019</i>	<i>Restricted fixed asset funds 31 August 2019</i>	<i>Total funds 31 August 2019</i>
	£	£	£	£
Tangible fixed assets	-	-	7,168,374	<b>7,168,374</b>
Current assets	246,418	346,836	642,671	<b>1,235,925</b>
Creditors due within one year	-	(146,271)	(199,861)	<b>(346,132)</b>
Creditors due in more than one year	-	(66,241)	-	<b>(66,241)</b>
Provisions for liabilities and charges	-	(922,000)	-	<b>(922,000)</b>
<b>Total</b>	<b>246,418</b>	<b>(787,676)</b>	<b>7,611,184</b>	<b>7,069,926</b>

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**20. Reconciliation of net (expenditure)/income to net cash flow from operating activities**

	<b>31 May 2020 £</b>	<i>31 August 2019 £</i>
Net (expenditure)/income for the period (as per Statement of Financial Activities)	<b>(576,646)</b>	39,563
<b>Adjustments for:</b>		
Depreciation	<b>230,638</b>	312,360
Interest receivable	<b>(11,042)</b>	(6,315)
Defined benefit pension scheme cost less contributions payable	-	111,000
Decrease/(increase) in debtors	<b>346,378</b>	(320,556)
Decrease in creditors	<b>(294,300)</b>	(160,079)
Profit on sale of fixed assets	-	(2,985)
<b>Net cash used in operating activities</b>	<b>(304,972)</b>	(27,012)

**21. Cash flows from investing activities**

	<b>31 May 2020 £</b>	<i>31 August 2019 £</i>
Dividends, interest and rents from investments	<b>11,042</b>	6,315
Purchase of tangible fixed assets	<b>(5,995)</b>	-
Proceeds from the sale of tangible fixed assets	-	2,985
<b>Net cash provided by investing activities</b>	<b>5,047</b>	9,300

**22. Analysis of cash and cash equivalents**

	<b>31 May 2020 £</b>	<i>31 August 2019 £</i>
Cash in hand	<b>469,369</b>	769,294
<b>Total cash and cash equivalents</b>	<b>469,369</b>	769,294

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**23. Pension commitments**

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

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

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**23. Pension commitments (continued)**

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

The employer's pension costs paid to TPS in the period amounted to £267,328 (2019 £228,483).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 May 2020 was £152,000 (2019 £177,000), of which employer's contributions totalled £120,000 (2019 £140,000) and employees' contributions totalled £32,000 (2019 £37,000). The agreed contribution rates for future years are 21.7 per cent for employers and variable per cent for employees.

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

**Principal actuarial assumptions**

	2020 %	2019 %
Rate of increase in salaries	2.5	2.6
Rate of increase for pensions in payment/inflation	2.2	2.3
Discount rate for scheme liabilities	1.9	2.8

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

	2020 Years	2019 Years
<i>Retiring today</i>		
Males	20.7	22.4
Females	23.2	24.5
<i>Retiring in 20 years</i>		
Males	21.7	24.0
Females	24.7	26.2



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**23. Pension commitments (continued)**

**Sensitivity analysis**

	<b>2020</b>	<i>2019</i>
	<b>£000</b>	<i>£000</i>
Discount rate -0.1%	55	55
CPI rate +0.1%	49	49
Salary increase rate +0.1%	6	6

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

	<b>At 31 May</b>	<i>At 31 August</i>
	<b>2020</b>	<i>2019</i>
	<b>£</b>	<i>£</i>
Equities	1,012,000	1,012,000
Corporate bonds	228,000	228,000
Property	138,000	138,000
Cash and other liquid assets	68,000	68,000
<b>Total market value of assets</b>	<b>1,446,000</b>	<i>1,446,000</i>

The actual return on scheme assets was £nil (2019 - £38,000).

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

	<b>31 May</b>	<i>31 August</i>
	<b>2020</b>	<i>2019</i>
	<b>£</b>	<i>£</i>
Current service cost	-	(228,000)
Past service cost	-	(9,000)
Interest income	-	37,000
Interest cost	-	(51,000)
<b>Total amount recognised in the Statement of Financial Activities</b>	<b>-</b>	<i>(251,000)</i>

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**23. Pension commitments (continued)**

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

	<b>31 May 2020 £</b>	<i>31 August 2019 £</i>
<b>At 1 September</b>	<b>2,367,000</b>	<i>1,809,000</i>
Current service cost	-	<i>228,000</i>
Interest cost	-	<i>51,000</i>
Employee contributions	-	<i>37,000</i>
Actuarial (gains)/losses	-	<i>273,000</i>
Benefits paid	-	<i>(40,000)</i>
Past service costs	-	<i>9,000</i>
<b>At 31 May</b>	<b>2,367,000</b>	<i>2,367,000</i>

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

	<b>31 May 2020 £</b>	<i>31 August 2019 £</i>
<b>At 1 September</b>	<b>1,445,000</b>	<i>1,273,000</i>
Interest income	-	<i>37,000</i>
Actuarial gains/(losses)	-	<i>(2,000)</i>
Employer contributions	-	<i>140,000</i>
Employee contributions	-	<i>37,000</i>
Benefits paid	-	<i>(40,000)</i>
<b>At 31 May</b>	<b>1,445,000</b>	<i>1,445,000</i>

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**24. Operating lease commitments**

At 31 May 2020 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	<b>31 May 2020</b>	<i>31 August 2019</i>
	<b>£</b>	<b>£</b>
Not later than 1 year	<b>6,288</b>	<i>12,065</i>
Later than 1 year and not later than 5 years	<b>895</b>	<i>7,056</i>
	<b>7,183</b>	<i>19,121</i>

**25. Members' liability**

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

**26. Related party transactions**

Owing to the nature of the Academy Trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which a governor has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

During the period the following related party transactions took place.

Mr S Kelly, Headteacher, Trustee and Accounting Officer of Arnold Academy is also a Trustee of Arnold Academy PTA, an independent registered charity outside the control of the Academy. During the period Arnold Academy PTA donated £3,248 (2019 £14,516) to Arnold Academy. There were no amounts due to or from Arnold PTA at the balance sheet date (2019 £nil). Mr S Kelly abstains from any decisions about donations made by Arnold Academy PTA to the school, to avoid any potential conflict of interest.

Mr O Flack, a Trustee at Arnold Academy is also a Trustee of the Harlington Area Schools Trust (HAST), an independent charitable company. Arnold Academy is also a member of HAST. During the period, Arnold Academy received income totalling £78,527 (2019 £7,356) from HAST and no amounts were due to or from HAST at the balance sheet date (2019 £nil).

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**27. Transfer out on academies leaving the academy trust**

**Arnold Academy**

	<b>Transfer out on academy leaving the trust £</b>
<b>Tangible fixed assets</b>	
Freehold property	6,936,012
Furniture and equipment	2,024
Motor vehicles	5,695
<b>Current assets</b>	
Debtors due within one year	120,253
Cash at bank and in hand	469,369
<b>Liabilities</b>	
Creditors due within one year	(62,023)
Creditors due after one year	(56,050)
<b>Pensions</b>	
Pensions - pension scheme liabilities	(922,000)
<b>Net assets</b>	<u><u>6,493,280</u></u>