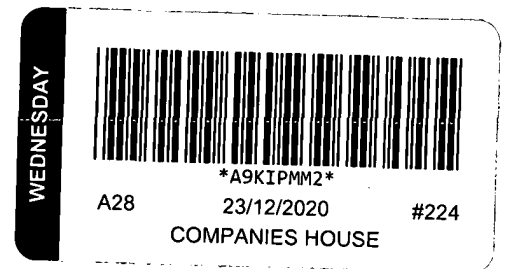


Appleby Grammar School

(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year Ended 31 August 2020



Company Registration Number: 07698461
(England & Wales)

Appleby Grammar School

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Reference and Administrative Details

The trustees, who are also directors for the purposes of company law, present their report and the financial statements of the company for the period ended 31 August 2020.

		Appointed	Resigned
Members	J Rostron* (Responsible Officer) HJ Taylor D Watkinson M Williamson* (Chairman)		31/08/2020
Directors	J Rostron* (Responsible Officer) HJ Taylor D Watkinson D Anderton		
Governors who are not directors	P Burns (Staff Governor) J Lucas* A Lund* (Head and Accounting Officer) E Sargent* (Head and Accounting Officer) G Wright* (Staff Governor) D Harrison (Co-opted Governor) B Broadhurst D Robinson*	01/09/2020 21/11/2019	24/02/2020 31/08/2020
	*Member of the Finance and Buildings Committee		
Company Secretary	J Dunham		
Senior Management Team			
• Head Teacher	A Lund E Sargent (appointed 01/09/20)		
• Assistant Head	K Moore		
• Assistant Head	S Cross		
• Bursar	J Dunham		
Company Name	Appleby Grammar School		
Principal and Registered Office	Battlebarrow Appleby Cumbria CA16 6XU		
Company Registration Number	07698461		

Reference and Administrative Details (continued)

Independent Auditor

Saint and Co
The Old Police Station
Church Street
Ambleside
Cumbria
LA22 0BT

Bankers

Barclays
The Eden Valley and North Lakes Group
Market Square
Penrith
Cumbria
CA11 7YB

Governors' Report

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 August 2020. The annual report serves the purpose of both a trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 to 18 serving a catchment area in the Eden Valley. It has a pupil capacity of 657 and has on roll 374 in the school census on 3 October 2019.

Structure, Governance and Management**Constitution**

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Appleby Grammar School are also the directors of the charitable company for the purposes of company law. The charitable company is known as Appleby Grammar School.

Details of the governors who served throughout the year, except as noted, are included in the Reference and Administrative details.

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.

Governor's Indemnities

In respect of the governors, the Academy Trust holds professional indemnity insurance via the Department of Education's risk protection arrangements. The limit of indemnity is disclosed in the notes to the accounts.

Method of Recruitment and Appointment or Election of Governors

In accordance with the Articles of Association, Appleby Grammar School's Governing Body comprises of the Headteacher, a minimum of two Parent Governors, up to three Staff Governors so long as the total number of staff governors including the Headteacher is no greater than one third of the total number of governors, and up to nine other governors. Currently, the governing body consists of eighteen members being:

- Six Parent Governors who are elected by the parents of the current students of Appleby Grammar School.
- Three Staff Governors who are appointed by the staff currently employed by the school.
- Five Member Governors, of which a minimum of two are appointed by the Appleby Grammar School Foundation.
- Three Co-opted Governors who are appointed by the governing body with regard to existing skills mix of the governors in order to ensure that the Board of Governors has the necessary skills to contribute fully to the Academy's development.
- The Headteacher is an ex-officio governor.

Policies and Procedures Adopted for the Induction and Training of Governors.

The Academy publishes a handbook for governors, which sets out all terms of references and responsibilities for members of the governing body. Governors have the opportunity to participate in an in-house Governor Development Programme, and also partake in joint training sessions with the South Lakes Federation. As there is expected to be only a limited number of new governors in any given year, induction programmes will be carried out informally and tailored to the individual's needs.

Governors' Report (continued)**Organisational Structure**

The Board of Governors normally meets once each academic half-term. The board has established an overall framework for the governance of the Academy and agrees the membership of the committees and other panels which may meet. It monitors the work of the committees by receiving reports from the chairs, and through the minutes of their meetings. It also establishes the terms of reference for each committee. There are two committees, which each meet at least termly. These are as follows:

Standards

To initiate and review the school's Special Educational Needs Code of Practice, in consultation with the Headteacher and Learning Support Co-coordinator. To initiate and review the school's provision for students on the Gifted and Talented Register in consultation with the Headteacher and appropriate members of the Senior Leadership Team. To Review the school's inclusion policies and practices, and with particular reference to students' access to school visits. To keep under review policies relating to the employment, recruitment, selection, appointment, promotion, appraisal, grievance, discipline, redundancy and early retirement, remuneration and terms and conditions of employment of all staff. To recommend to the governing body any changes necessary to fulfil current employment legislation. To receive, consider and make recommendations to the governing body on the overall staffing provision of the school, including the management structure.

Finance and Buildings Committee

To monitor and review school policy and practice in relation to financial planning and monitoring; to determine how to spend grant funding; to ensure compliance with DfE, ESFA and Charity Commission requirements in relation to the proper financial management of the school; to agree limits of financial delegation and to ensure full accounts are kept. To make recommendations concerning the general condition, usage and development of the school buildings and their fabric and sites, and health and safety requirements.

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration of the academy's key management personnel is set by a subcommittee of the Governors with support and guidance of an external consultant and reviewed annually. Pay scales are taken from the School Teachers Pay and Conditions document for teaching staff or from the Cumbria County Council job families pay and grading structure for support staff.

Connected Organisations, including Related Party Relationships**Appleby Grammar School Foundation.**

Appleby Grammar School Foundation is a charity whose objects are for the public benefit to advance education through the provision of items, services and facilities for the school. The Foundation is the landlord to the academy, and has appointed five governors to the board.

Appleby Heritage Centre

Appleby Heritage Centre is a charity which provided both Key Stage 4 and Post-16 courses for the school. One governor served on the Board of Trustees.

Appleby Sports Centre

Appleby Sports Centre is a charity which operates a multipurpose community facility situated on the Appleby Grammar School site, and provides PE facilities for the school. One governor served on the board of trustees of Appleby Sports Centre.

South Lakes Federation

The South Lakes Federation is made up of nine schools, Kendal College and a special school predominantly based in the south of the county. There is close collaboration between all the schools in the federation providing opportunities for curriculum enrichment, staff development and support.

Governors' Report (continued)

Objectives and Activities

Objects and Aims

The Academy Trust's object is specifically restricted to the provision for the public benefit education in the United Kingdom, by establishing and managing the school and promoting a broad and balanced curriculum for all students.

The aims of the academy are to provide students with:

- an education which will equip them with the skills and abilities that they will need to cope with life in an ever changing society;
- an awareness of the rights and needs of others to show respect and consideration and, when possible, to work actively to help members of our society who may be disadvantaged in any way.

We achieve these aims by offering each student the highest possible standards in terms of:

- academic progress and achievement;
- sixth form opportunities;
- moral, spiritual and physical development;
- security, support and care;
- standards of dress, behaviour and discipline;
- a well-resourced, wide and enriching curriculum;
- teaching commitment and expertise;
- educational and vocational guidance;
- opportunities for extra-curricular activities.

Objectives, Strategies and Activities

Key influences on the Academy Trust's Development Plan for the period under review were the significant challenges and opportunities arising from changes in educational policy and school funding.

The key activities and targets are detailed in the Action Plan. These include:

- Maximise the effectiveness of the learning experience
- Develop strategies to improve the performance of disadvantaged students
- Ensure the curriculum meets the needs of all students

Governors' Report (continued)

Public Benefit

Governors have given consideration to the charity commission's general guidance on public benefit and in particular to its supplementary guidance on education.

The Academy's objective is to advance for the public benefit education in this area, in particular, developing a school offering a broad and balanced curriculum which helps all students to fulfil their potential.

Strategic Report

Achievements and Performance

Summary of GCSE and A2 Results

GCSE	2017	2018	2019	2020
Overall attainment score	3.8	4.2	4.4	4.7
Overall Progress 8 score	-0.51	-0.06	-0.20	-0.08
English Baccalaureate	17%	29%	33%	27%
Percentage gaining 4+ in English and maths	53%	53%	63%	70%
A Level	2017	2018	2019	2020
A*-C Pass Rate	84%	68%	72%	75%
A*-E Pass Rate	100%	98%	98%	100%
Points per Paper	36.3	32.6	34.4	34.8
Points per Candidate	126	103.9	101.2	88.9

Year 13 Leavers Destinations

In 2020, Year 13 leavers were successful in obtaining university places of their choice. This included students gaining places at Russell Group of Universities.

Partnership

Appleby Grammar School continues to develop its partnership work with other schools, predominantly through its membership of the South Lakes Federation. This has included joint staff inset training days, joint governor training and school trio meetings.

Key Financial Performance Indicators

Staff Costs as a percentage of Public / GAG income

	September 2016 to August 2017	September 2017 to August 2018	September 2018 to August 2019	September 2019 to August 2020
Teaching Staff	64%	57%	62%	58%
Administrative, Support and Site Staff	25%	28%	29%	26%

Teaching Staff

	September 2016 to August 2017	September 2017 to August 2018	September 2018 to August 2019	September 2019 to August 2020
Average Full Time Equivalents	30.6	27	24.1	21.8
Pupil Teacher Ratio	15.2	16.3	16.1	17.2

Governors' Report (continued)**Going Concern**

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

Financial Review**Financial Review**

The Academy Trust's accounting period is 01 September 2019 to 31 August 2020.

During the period under review, the majority of the Academy Trust's income was obtained from the DfE in the form of recurrent grants, the use of which was restricted to the Academy's educational activities. The grants received during the accounting period and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During the year, the school received total revenue funding of £2,358,947, of which £2,040,018 was from the DfE in the form of GAG funding (86%). Other significant revenue funding includes £29,021 from the Local Authority for educational statements and £65,005 generated by the school fund.

In addition to the recurrent funding the school was successful in attracting a substantial capital funding (£251,370) for refurbishment of the school's infrastructure from the DfE. This funding will enable the school to undertake the replacement of single glazed windows to the DT block and upgrade the electrical wiring to the school buildings.

Revenue expenditure was £2,448,867, of which staffing is the main area of cost at £1,955,378. (80%)

Reserves Policy

At the end of the period the governors were holding £50,617 in restricted general funds (GAG £7,543, school fund £43,074) and £6,058 in unrestricted funds, which are within DfE guidelines. The governing body review the level of reserves annually as part of its budget planning cycle, and aims to carry forward a prudent level of resources from General Annual Grant as a contingency for future unforeseen circumstances, and as contributions towards future capital improvement programmes.

Funds in Deficit

The Academy holds a deficit on the local government pension scheme of £2,285,000. In the event of the closure of the Academy, this deficit would be met by the DfE.

Investment Policy

In a period of financial uncertainty and historically low interest rates, the Academy Trust's policy has been to maximise liquidity and minimise risk. This policy will be kept under review.

Governors' Report (continued)**Principal Risks and Uncertainties**

The principal risks to the Academy are financial and result from the projected deficit on the Local Government Pension Scheme, and from the proposed changes to the funding formulas. The Academy is operating in a period of considerable financial uncertainty with regard to public funding. Long term financial planning is focused on maintaining the breadth and quality of the school's curriculum.

Under Financial Reporting Standard 17, it is necessary to charge projected deficits on the Local Government Pension Scheme to a restricted fund within the accounts. This results in reducing the reserves shown in the total funds of the Academy. It should be noted that this does not present the Academy with any liquidity problems.

The academy has made contingency plans for dealing with expected reductions in pupil numbers resulting from demographic changes within our primary feeder schools. This has included a comprehensive curriculum review of future provision to ensure the curriculum on offer at the academy is of high quality, appropriate for students needs and sustainable in the long term.

The Academy Trust's activities expose it primarily to cash flow risks. The governing body continually monitors cash flow to ensure that the Academy has sufficient funds available to meet debts as they fall due. The governors maintain significant cash reserves at all times.

Financial and Risk Management Objectives and Policies

The governors are responsible for the management of the risks the Academy is exposed, and have undertaken a review of risks associated with its activities. The major risks that have been identified are recorded on the Academy's Risk Register, and procedures have put in place to manage the risk. The key controls used by the Academy include:

- Formal agendas for all governor meetings;
- Detailed terms of reference for all committees;
- A clear development plan identifying key strategic planning objectives;
- Comprehensive financial planning and monitoring;
- Formal written policies reviewed on a regular basis;
- Rigorous review of educational achievement to ensure high standards.

The Board of Governors are satisfied that the major risks identified have adequate control measures in place to manage the risks.

Principal Funding Sources

The majority of the academy's income is obtained from the Education and Skills Funding Agency (ESFA) and the Local Authority in the form of grants, the use of which is restricted to particular purposes.

Fundraising

The academy does not engage with professional fundraisers to undertake any fundraising activities on its behalf. The academy from time to time does a minor level fundraising activities to raise funds for the academy whereby students seek voluntary donations from parents and the local community.

Governors' Report (continued)

Plans for Future Periods

The school plans to maintain a clear focus on raising pupil achievement and improving teaching and learning. Financial planning will focus on maintaining the breadth and quality of the current curriculum offer. Specific plans include the following:

- Improving teaching, learning and assessment
- Improving literacy
- Improving governance systems
- Improving staff and pupil well being

Funds Held on Behalf of Others

The Academy acts as an intermediary for the following administered projects, but has no responsibility for them. These are:

- 16-19 Bursary Fund. The academy trust distributes 16-19 bursary funds to students as an agent for ESFA.
- The Rural Academy of Cumbria. This group facilitates close collaboration between seven small secondary schools spread across Cumbria.

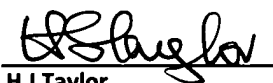
In each instance, the Academy acts as a banking agent for the funds but has no responsibility for them.

Auditor

Insofar as the trustees are aware:

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

The Governors' report, incorporating a strategic report, was approved by the Governors and signed on its behalf by:



H J Taylor
Chair of Governors

17/12/20

Date

Governance Statement

Scope of Responsibility

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

As governors, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The governing body 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 Appleby Grammar School and the Secretary of State for Education.

The Accounting Officer is also responsible for reporting to the governing body 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 **Governing Body** has formally met four times during the year. Attendance during the year at meetings of the Governing Body was as follows:

Governor	Meetings attended	Out of a possible
D Anderton	3	4
B Broadhurst	4	4
P Burns	2	4
D Harrison	3	4
J Lucas	2	2
A Lund	3	4
D Robinson	2	3
J Rostron	4	4
H Taylor	3	4
D Watkinson	3	4
M Williamson	3	4
G Wright	4	4

The board has met less than six times a year. It maintained effective oversight of funds by the input from the Finance and Buildings Committee and by regular written communication from the Head.

The Governing Body continues to offer an appropriate balance between support and challenge to the academy as recognised by the last Ofsted inspection.

During the year, Governors reviewed its subcommittee structure and agreed to reduce the number from three to two by combining the student support and welfare with the staffing and curriculum to form a new Standards committee. Following a request for parent governors, one new parent governor has been elected to the Board.

The Board currently carries a number of vacancies and this reduction in capacity is a concern for the Board moving forward. Governors as a priority will be looking to fill these vacancies over the course of the coming year

Governance Statement (continued)

Governance Review

During year, Governors have undertaken an internal evaluation of governance, which has resulted in an agreed action plan. The four main areas for action were highlighted as:

- Revisit and embed governor link meetings
- Use subcommittees to ensure robustness of SIP targets
- Engage a new external Heads performance management advisor

This action plan will be kept under review during the 2020/21 financial year.

The **Finance and Buildings Committee** is a sub-committee of the main Governing Body. Its purpose is to assist the decision making of the Governing Body, by enabling more detailed consideration to be given to the best means of fulfilling the Governing Body's responsibility to ensure sound management of the academy's finances and resources, including proper planning, monitoring and probity. To achieve this, it makes appropriate comments and recommendations on such matters to the governing body on a regular basis.

Attendance at meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
J Lucas	1	2
A Lund	1	3
D Robinson	0	2
J Rostron	3	3
M Williamson	3	3
G Wright	3	3

Review of Value for Money

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

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

- The school producing a strong set of 'A' Level results, which has allowed all students to access the higher education institution of their choice.
- The progress made by GCSE students from their starting point at the end of year 6 has maintained the improvement from last year
- As a high proportion of the schools revenue expenditure is spent on teaching staff, the school undertakes an annual review of its curriculum offer and its staffing requirements to ensure it is appropriate for the size of school.

Governance Statement (continued)**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 Appleby Grammar School for the period 01 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The governing body 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 Governing Body is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Governing Body.

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 governing body;
- regular reviews by the Finance and Buildings 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.

Internal Scrutiny

The Governing Body has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the governors have appointed a Governor, as Responsible Officer ('RO').

For the year ended 31 August 2020 a peer review performed by the Chief Financial Officer, from another academy trust. The peer reviewer was independent of the trust and looked at the risk management procedures and other controls. In addition, the Governors have appointed Saint and Co the external auditor, to perform an additional programme of works on the internal financial controls.

The Governors are aware of the revised FRC Ethical Standard for auditors which states that a firm providing external audit to an entity shall not also provide internal audit services to it. The internal scrutiny function is currently been reviewed for next year to allow for a compliant arrangement to be put in place.

The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. To assist the RO in this role, the academy has appointed the school's auditors, Saint and Co to undertake termly visits and report their recommendations.

The external auditor'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:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

On a termly basis, the auditor reports to the Governing Body on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities.

The external auditor has delivered their schedule of works as planned and any recommendations have been considered.

Governance Statement (continued)

Review of Effectiveness

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

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Buildings 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 Governing Body and signed on its behalf by:


H J Taylor
Chair of Governors


E Sargent
Accounting Officer

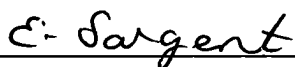
17/12/20 Date

Statement on Regularity, Propriety and Compliance

As accounting officer of Appleby Grammar School I have considered my responsibility to notify the academy trust board of trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of 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 trustees are able to identify any material irregular or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 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 trustees and ESFA.



E Sargent
Accounting Officer

17/12/20

Date

Statement of Governors' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2019 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 Governing Body and signed on its behalf by:


H J Taylor
Chair of Governors

17/12/20 Date

Independent Auditor's Report on the Financial Statements to the Members of Appleby Grammar School**Opinion**

We have audited the financial statements of Appleby Grammar School for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 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;
- have been prepared in accordance with the Companies Act 2006; and
- have been properly prepared in accordance with the Charities SORP 2019 and Academies Accounts Direction 2019 to 2020.

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company'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.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. It includes the Reference and Administrative Details, the Report of the Directors and 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.

**Independent Auditor's Report on the Financial Statements to the Members of Appleby Grammar School
(continued)****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 Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Independent Auditor's Report on the Financial Statements to the Members of Appleby Grammar School
(continued)**

Use of our report

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



Darren Little (Senior Statutory Auditor)

For and on behalf of

Saint & Co
Chartered Accountants & Statutory Auditors
The Old Police Station
Church Street
Ambleside
Cumbria
LA22 0BT

17 December 2020 Date

Independent Reporting Accountant's Assurance Report on Regularity to Appleby Grammar School and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 15/08/2018 and further to the requirements of the Education and 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 Appleby Grammar School during the period 01 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

Respective Responsibilities of the Appleby Grammar School's Accounting Officer and the Reporting Accountant

The Accounting Officer is responsible, under the requirement of the Appleby Grammar School's funding agreement with the Secretary of State for Education dated 21 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 period 01 September 2019 to 31 August 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 to our conclusion includes:

- the school resource management self-assessment checklist (SRMSAT) was obtained and considered;
- responses to the top 10 'musts' for chairs and other trustees from the AFH was obtained and considered;
- having a general awareness of regularity and propriety whilst conducting the statutory audit function;
- reviewing if extra-contractual severance payments have been made in accordance with the Handbook;
- reviewing if borrowing agreements, including leases to ensure they have been made in accordance with the Handbook;
- reviewing the minutes of the meeting of the main committees during the year;
- reviewing expenditure to check that it was not ultra vires to the charitable objectives;
- obtaining trustee / governors' declaration of interests;
- where present obtaining the accounting officer's file.

Independent Reporting Accountant's Assurance Report on Regularity to Appleby Grammar School and the Education and Skills Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Use of our report

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



Darren Little (Reporting Accountant)

For and on behalf of

Saint & Co
Chartered Accountants & Statutory Auditors
The Old Police Station
Church Street
Ambleside
Cumbria
LA22 0BT

17 December 2020 Date

Statement of Financial Activities for the Year Ended 31 August 2020

(Including Income and Expenditure Account)

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2020 £	Total 2019 £
Income and endowments from:						
Donations and capital grants	2	-	6,295	262,199	268,494	162,383
Charitable activities						
Funding for the Academy trust's educational operations	3	7,039	2,326,171	-	2,333,210	2,478,595
Other trading activities	4	19,151	-	-	19,151	2,144
Investments	5	291	-	-	291	729
Total		26,481	2,332,466	262,199	2,621,146	2,643,851
Expenditure on:						
Charitable activities						
Academy trust educational operations	8	322	2,448,545	123,861	2,572,728	2,897,091
Other trading activities	7	-	-	-	-	-
Total	6	322	2,448,545	123,861	2,572,728	2,897,091
Net income / (expenditure)		26,159	(116,079)	138,338	48,418	(253,240)
Transfers between funds	10	(23,617)	23,617	-	-	-
Other recognised gains and (losses)						
Actuarial (losses) / gains on defined benefit pension schemes	22	-	(306,000)	-	(306,000)	(594,000)
Net movement in funds		2,542	(398,462)	138,338	(257,582)	(847,240)
Reconciliation of funds						
Total funds brought forward	17	3,516	(1,835,921)	4,865,659	3,033,254	3,880,494
Total funds carried forward	17	6,058	(2,234,383)	5,003,997	2,775,672	3,033,254

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


Balance Sheet as at 31 August 2020

Company Number 07698461

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	13		4,733,799		4,841,126
Investments			-		-
			<u>4,733,799</u>		<u>4,841,126</u>
Current assets					
Stock	14	4,828		5,039	
Debtors	15	379,427		157,846	
Cash at bank and in hand		<u>199,030</u>		<u>196,349</u>	
		583,285		359,234	
Liabilities					
Creditors: Amount falling due within one year	16	<u>(256,412)</u>		<u>(287,106)</u>	
Net current assets			<u>326,873</u>		<u>72,128</u>
Total assets less current liabilities			5,060,672		4,913,254
Provision for liabilities					
Defined benefit pension scheme liability	22		<u>(2,285,000)</u>		<u>(1,880,000)</u>
Total net assets			<u><u>2,775,672</u></u>		<u><u>3,033,254</u></u>
Funds of the academy trust:					
Restricted funds					
Fixed asset funds	17	5,003,997		4,865,659	
Restricted income funds	17	50,617		44,079	
Pension reserve	17,22	<u>(2,285,000)</u>		<u>(1,880,000)</u>	
Total restricted funds	17		2,769,614		3,029,738
Unrestricted income funds					
General fund	17	<u>6,058</u>		<u>3,516</u>	
Total unrestricted funds			6,058		3,516
Total funds			<u><u>2,775,672</u></u>		<u><u>3,033,254</u></u>

The financial statements were approved by the trustees, and authorised for issue on 17 December 2020 and signed on their behalf by:


H J Taylor
Chair of Governors


E Sargent
Accounting Officer

Statement of Cash Flows for the Year Ended 31 August 2020

	2020	2019			
Reconciliation of net income / (expenditure) to net cash flow from operating activities	£	£			
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	48,418	(253,240)			
Adjusted for:					
Depreciation	111,628	115,484			
Capital grants from DfE/ESFA and other capital income	(262,199)	(104,867)			
Other government capital grants	-	-			
Capital donations	-	-			
Interest receivable	(291)	(729)			
Defined benefit pension scheme costs less contributions payable	64,000	20,000			
Defined benefit pension scheme net pension finance costs	35,000	35,000			
Decrease/(Increase)Increase in stocks	211	3,581			
Decrease/(Increase) in debtors	(221,581)	(49,995)			
Increase/(Decrease) in creditors	(30,694)	28,520			
Net cash provided by / (used in) Operating Activities	(255,508)	(206,246)			
Cash flows from financing activities					
Repayments of borrowing	-	-			
Cash inflows from new borrowing	-	-			
Net cash provided by / (used in) financing activities	-	-			
Cash flows from investing activities					
Interest receivable	291	729			
Proceeds from sale of tangible fixed assets	-	-			
Purchase of tangible fixed assets	(4,301)	(11,778)			
Capital grants from DfE/ESFA and other capital income	262,199	104,867			
Other government capital grants	-	-			
Capital donations	-	-			
Net cash provided by / (used in) investing activities	258,189	93,818			
Change in cash and cash equivalents in the reporting period	2,681	(112,428)			
Reconciliation of net cash flow to movement in net funds					
Cash and cash equivalents at 1 September 2019	196,349	308,777			
Change in cash and cash equivalents in the reporting period	2,681	(112,428)			
Cash and cash equivalents at 31 August 2020	199,030	196,349			
Analysis of cash and cash equivalents	1 Sep 19	Cash flows	31 Aug 20		
	£	£	£		
Cash in hand and at bank	196,349	2,681	199,030		
Total cash and cash equivalents	196,349	2,681	199,030		
Analysis of changes in net debt	1 Sep 19	Cash flows	New agreements	Other non-cash changes	31 Aug 20
	£	£	£	£	£
Cash	196,349	2,681	-	-	199,030
Loans falling due within one year	-	-	-	-	-
Loans falling due after more than a year	-	-	-	-	-
Finance lease obligations	-	-	-	-	-
Total	196,349	2,681	-	-	199,030

Notes to the Financial Statements for the Year Ended 31 August 2020

1. Statement of Accounting Policies

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

Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The trust meets the definition of a public benefit entity under FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going Concern

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

Incoming Resources

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

- General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.
- Other government grants are also recognised on a receivable basis. For all grants the balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet.
- 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, legacies and other forms of voluntary income 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, 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.

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

1. Statement of Accounting Policies (Continued)

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

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

Deferred Income

Grants and other funding received for the academy's educational activities for a period spanning the year end are deferred pro-rata to the relevant periods in order to match the funding to the period in which the costs of charitable activities are incurred.

Agency Arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust uses up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities.

The funds received and paid and any balances held are disclosed in the agency arrangements note. The unused funds at the period end are included as a liability in the balance sheet in other creditors.

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.

- 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.

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

1. Statement of Accounting Policies (Continued)

Tangible Fixed Assets

Assets are carried at valuation/cost, net of depreciation and any provision for impairment.

The capitalisation policy of items as tangible fixed assets is as follows:

- Information, communications and technology assets - assets costing £300 or more (multiple assets regardless of value are included if collectively purchased for over £5,000)
- Fixtures, fittings and equipment and leasehold buildings improvements - single items costing £500 or more

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.

Tangible fixed assets transferred on conversion to Academy status have been included in the accounts at valuation.

Depreciation

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

- Leasehold buildings - straight line over economic life (ranging from 22 to 64 years)
- Information communications & technology equipment - 3 years straight line
- Furniture fittings & equipment - 10 years straight line

All tangible fixed assets have been depreciated for 12 months, including those purchased during the year, except:

- Depreciation is not charged on assets under construction until assets are brought into use.
- Leasehold land is depreciated over the term of the lease, namely 125 years

Assets are depreciated in full in the year of purchase.

The total depreciation charge is allocated to teaching costs and administration and support costs pro-rata to the number of employees.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

1. Statement of Accounting Policies (Continued)

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.

Provisions

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

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

Leased Assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Financial Instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in the notes. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in the notes. 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 charity's wholly owned subsidiary are held at face value less any impairment.

Stocks

Stocks are valued at the lower of cost or net realisable value, after making due allowance for obsolete and slow moving items.

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.

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

1. Statement of Accounting Policies (Continued)

Pension Benefits

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

Teachers' Pension Scheme

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.

Local Government Pension Scheme

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

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

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

1. Statement of Accounting Policies (Continued)

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.

School funds that are not otherwise restricted are designated within unrestricted funds.

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

Restricted general funds comprise grants, including the General Annual Grant (GAG), and other funding for educational purposes and any voluntary income to be used for specific purposes.

The Local Government Pension Scheme deficit is recognised against restricted general funds in order to match it against the GAG, in accordance with Education and Skills Funding Agency guidance.

Details of restricted and unrestricted funds are shown in the notes to the financial statements.

Critical accounting estimates and areas of judgement

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

Critical accounting estimates, assumptions and judgements

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

- The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in notes, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 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.
- The annual depreciation charge is sensitive to the estimated useful economic lives of property. The useful economic lives of property, plant and equipment is initially based on the professional valuers report using their judgement and experience. The useful economic lives are assessed annually and changed when necessary to reflect current thinking on their remaining lives.

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

2. Donations and Capital Grants

	Unrestricted Funds £	Restricted Funds £	Restricted Fixed Asset Funds £	Total 2020 £	Total 2019 £
ESFA - Capital Grant	-	-	262,199	262,199	104,867
Other Government - Capital grants	-	-	-	-	-
Other - Capital grants	-	-	-	-	-
Donations from Appleby Grammar School Foundation	-	-	-	-	55,000
Miscellaneous donations	-	6,295	-	6,295	2,516
	-	6,295	262,199	268,494	162,383
2019 total	-	57,516	104,867	162,383	

3. Funding for Academy's educational operations

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
DfE/ESFA Grants				
General Annual Grant (GAG)	-	2,040,018	2,040,018	2,255,199
Pupil premium	-	45,695	45,695	49,209
Other DfE/ESFA grants	-	115,928	115,928	32,705
	-	2,201,641	2,201,641	2,337,113
Other Government Grants				
LA funded statements	-	29,021	29,021	12,759
Other government grants	-	5,013	5,013	8,085
	-	34,034	34,034	20,844
Exceptional government funding				
Coronavirus exceptional support	-	15,403	15,403	-
	-	15,403	15,403	-
Catering	-	-	-	-
School fund and trips income	2,864	62,141	65,005	96,761
Other educational income	4,175	12,952	17,127	23,877
	7,039	2,326,171	2,333,210	2,478,595
2019 total	17,564	2,461,031	2,478,595	

Exceptional government funding

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding".

The funding received for coronavirus exceptional support covers free school meal vouchers and cleaning costs. These costs are included in the expenditure note but not separately identified.

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

4. Other Trading Activities	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Hire of facilities - lettings	951	-	951	2,144
Risk protection arrangement claims	18,200	-	18,200	-
Other trading activities	-	-	-	-
	<u>19,151</u>	<u>-</u>	<u>19,151</u>	<u>2,144</u>
2019 total	<u>2,144</u>	<u>-</u>	<u>2,144</u>	
5. Investment Income	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Bank interest receivable	291	-	291	729
Other interest receivable	-	-	-	-
	<u>291</u>	<u>-</u>	<u>291</u>	<u>729</u>
2019 total	<u>729</u>	<u>-</u>	<u>729</u>	

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

6. Expenditure	Staff Costs £	Non Pay Premises £	Expenditure Other Costs £	Total 2020 £	Total 2019 £
Cost of other trading activities	-	-	-	-	-
Academy's educational operations					
Direct costs	1,629,096	-	169,546	1,798,642	2,028,645
Allocated support costs	326,282	200,055	247,749	774,086	868,446
	<u>1,955,378</u>	<u>200,055</u>	<u>417,295</u>	<u>2,572,728</u>	<u>2,897,091</u>
	<u>1,955,378</u>	<u>200,055</u>	<u>417,295</u>	<u>2,572,728</u>	<u>2,897,091</u>
2019 total	<u>2,110,360</u>	<u>200,417</u>	<u>586,314</u>	<u>2,897,091</u>	

	2020 £	2019 £
Net income/(expenditure) for the period includes:		
Depreciation	111,628	115,484
(Gain)/loss on disposal of fixed assets	-	-
Operating leases	4,068	6,568
Fees payable to current auditor		
- audit of the financial statements	5,925	5,915
- other assurance services	2,995	3,370
- other services	<u>5,455</u>	<u>5,445</u>

7. Cost of Other Trading activities	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Other trading expenses	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2019 total	<u>-</u>	<u>-</u>	<u>-</u>	

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

8. Charitable Activities	Unrestricted Funds	Restricted Funds	Total 2020	Total 2019
	£	£	£	£
Direct Costs - educational operations				
Teaching and educational support staff costs	-	1,629,096	1,629,096	1,796,179
Depreciation	-	60,739	60,739	59,392
Educational supplies	-	36,942	36,942	54,731
Staff development	-	5,432	5,432	5,182
Examination fees	-	32,281	32,281	33,382
External course costs	-	19,189	19,189	63,744
Other direct costs	-	14,963	14,963	16,035
	-	1,798,642	1,798,642	2,028,645
Support Costs - educational operations				
Support staff costs	-	326,282	326,282	314,181
Depreciation	-	50,889	50,889	56,092
Maintenance of premises and equipment	-	31,250	31,250	37,872
Maintenance of premises and equipment - CIF	-	6,403	6,403	65,829
Professional Fees	-	17,309	17,309	25,872
Cleaning	-	883	883	1,460
Rates and water	-	51,411	51,411	26,505
Heat and light	-	57,826	57,826	68,639
Insurance	-	7,796	7,796	9,849
Transport	-	10,456	10,456	16,758
Catering expenses	-	20,112	20,112	12,711
Technology costs	-	39,796	39,796	39,258
Hire of sports centre	-	16,000	16,000	20,549
School Fund trips & activities	322	63,146	63,468	99,028
Other support costs	-	24,117	24,117	22,727
	322	723,676	723,998	817,330
Support Costs - governance				
Audit fees	-	5,925	5,925	5,915
Accountancy and assurance fees	-	8,450	8,450	8,815
Trustees' training and expenses	-	-	-	-
Legal fees	-	200	200	-
Professional fees	-	513	513	1,386
Net finance costs in respect of defined benefit pension schemes	-	35,000	35,000	35,000
	-	50,088	50,088	51,116
Total direct and support costs	322	2,572,406	2,572,728	2,897,091
2019 total	10,260	2,886,831	2,897,091	

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

9. Staff

a. Staff costs

	2020	2019
	£	£
Staff costs during the period were:		
Wages and salaries	1,394,520	1,541,470
Social security costs	127,160	135,921
Operating costs of defined benefit pension schemes	416,384	314,765
Apprenticeship levy	-	-
	<u>1,938,064</u>	<u>1,992,156</u>
Supply staff costs	27,549	60,991
Staff restructuring costs	-	68,115
Staff seconded in / out of the organisation	(10,235)	(10,902)
	<u>1,955,378</u>	<u>2,110,360</u>
Staff restructuring costs comprise:		
Redundancy payments	-	68,115
Severance payments	-	-
Other restructuring costs	-	-
	<u>-</u>	<u>68,115</u>

	2020	2019
	£	£
Other pension costs includes the following:		
Premature Retirement Teachers Pension Scheme payments	1,046	1,385
Premature Retirement Local Government Pension Scheme payments		399
Local Government Pension Scheme deficit recovery	55,392	50,458

b. Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £Nil (2019: £21,967). Individually, the payments were £Nil. (2019: £4,602, £5,332, £4,977, £5,268 and £1,788)

c. Staff numbers

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

	2020	2019
	No	No
Charitable Activities		
Management	4	4
Teachers	33	32
Administration and support	31	34
	<u>68</u>	<u>70</u>

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

d. Higher paid staff

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

	2020 No	2019 No
£80,000 to £84,999	1	1
	<u>1</u>	<u>1</u>

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2020 the employer's pension contributions in respect of this employee amounted to £20,122 (2019: £13,629).

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) received by key management personnel for their services to the academy trust was £300,831 (2019: £291,406).

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

10. Transfers Between Funds

2020
£

Restricted general funds

General Annual Grant (GAG)

From unrestricted general funds as detailed below	23,617	
Contributions from school funds & trips to cover supply costs incurred by GAG	-	
Unrestricted School funds and trips transfer to cover GAG deficit	-	
To capital projects during the year	-	
	<u>23,617</u>	23,617

School Funds & Trips

Contributions from school funds & trips to cover supply costs incurred by GAG	-	
School funds and trips overspends covered by unrestricted school funds	-	
	<u>-</u>	-
		<u>23,617</u>

Restricted fixed asset funds

Fixed assets used for charitable purposes

Purchases from ESFA formula grant	4,301	
Purchases from capital donations	-	
	<u>4,301</u>	4,301

ESFA formula grant to Fixed assets fund

Purchases of fixed assets used for charitable purposes	(4,301)	
Conditions Improvement Fund project contribution from Formula Capital	(6,611)	
	<u>(10,912)</u>	(10,912)

Condition improvement grant funds

Conditions Improvement Fund project contribution from Formula Capital	6,611	
	<u>6,611</u>	6,611

Other capital donations

Purchase of fixed assets used for charitable purposes	-	
	<u>-</u>	-
		<u>-</u>

Unrestricted Funds

Unrestricted general funds

Music tuition fees to GAG to cover costs not allocated in resources expended	(4,175)	
Lettings income to GAG to cover costs not allocated in resources expended	(951)	
RPA Insurance claim transferred to cover water costs	(18,200)	
Bank interest and loyalty reward to GAG	(291)	
	<u>(23,617)</u>	(23,617)

Unrestricted School Funds & Trips

Unrestricted School funds and trips transfer to cover GAG deficit	-	
School funds and trips overspends covered by unrestricted school funds	-	
	<u>-</u>	-
		<u>(23,617)</u>

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

11. Related Party Transactions – 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.

Other governors did not receive any payments, other than expenses, from the academy in respect of their role as governors.

The value of governors’ remuneration and other benefits for the period was as follows:

A Lund (principal and governor)		
Remuneration	£80,000 to £84,999	(2019: £80,000 to £84,999)
Employer's pension contributions	£20,000 to £24,999	(2019: £10,000 to £14,999)
G Wright (staff governor)		
Remuneration	£50,000 to £54,999	(2019: £45,000 to £49,999)
Employer's pension contributions	£10,000 to £14,999	(2019: £5,000 to £9,999)
P Burns (staff governor)		
Remuneration	£10,000 to £14,999	(2019: £10,000 to £14,999)
Employer's pension contributions	£0 to £4,999	(2019: £0 to £4,999)

During the year ended 31 August 2020, travel and subsistence expenses totalling £462 were reimbursed to one governor in respect of their teaching role (2019: £1,077 to two governors).

12. Governors and officers insurance

In accordance with normal commercial practice the academy has purchased insurance to protect governors and officers from claims for negligent acts, errors or omissions occurring whilst on academy business. The insurance for the year ended 31 August 2020 provides cover up to £10,000,000 (2019: £10,000,000) on any one loss and any one membership year.

The academy’s insurance is via the Department for Education’s risk protection arrangement (RPA) and the cost of this insurance is included in the total insurance cost. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme membership.

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

13. Tangible Fixed Assets	Long Leasehold Land & Buildings	Freehold Land & Buildings	Furniture Fittings & Equipment	ICT Equipment	Total
Cost	£	£	£	£	£
As at 1 September 2019	5,177,737	212,250	310,907	40,936	5,741,830
Additions	-	-	620	3,681	4,301
Disposals	-	-	-	(14,771)	(14,771)
As at 31 August 2020	<u>5,177,737</u>	<u>212,250</u>	<u>311,527</u>	<u>29,846</u>	<u>5,731,360</u>
Depreciation					
As at 1 September 2019	669,713	-	192,787	38,204	900,704
Charge in year	82,851	-	25,480	3,297	111,628
Disposals	-	-	-	(14,771)	(14,771)
As at 31 August 2020	<u>752,564</u>	<u>-</u>	<u>218,267</u>	<u>26,730</u>	<u>997,561</u>
Net book values					
As at 31 August 2020	<u>4,425,173</u>	<u>212,250</u>	<u>93,260</u>	<u>3,116</u>	<u>4,733,799</u>
As at 1 September 2019	<u>4,508,024</u>	<u>212,250</u>	<u>118,120</u>	<u>2,732</u>	<u>4,841,126</u>

Valuation Details

The leasehold land and buildings (including integral service installations) and the freehold land were valued at £5,177,737 and £212,250 respectively as at 1 August 2011 by Duncan Young RICS Registered Valuer, who is independent of the charitable company. The basis of valuation for the assets was Existing Use Value using a Depreciated Replacement Cost approach.

Appleby Sports Centre

Appleby Sports Centre is situated on freehold land which is owned by Appleby Grammar School. The sports facility was built before the school converted to an academy and is operated by Appleby Sports Centre (registered charity number 1125895). Appleby Sports Centre do not pay rent to the academy for the occupation of the freehold land. The Academy pays a rent to Appleby Sports Centre for the use of the sports facility on a year to year basis. There is a hire agreement in place on a yearly basis and therefore the asset has not been capitalised as leasehold property on the Academy's balance sheet.

ESFA Condition Improvement Fund - replacement of mains water supply

During the year the academy incurred significant expenditure on the replacement of mains water supply which were funded by ESFA Condition Improvement Fund grants. The full cost of this project has been treated as resources expended in the Statement of Financial Activities and is included in maintenance of premises and equipment - CIF.

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

14. Stock	2020	2019
	£	£
Stationery	2,800	2,800
Cleaning	200	200
Heating Oil	1,000	1,000
School Ties	828	1,039
	<u>4,828</u>	<u>5,039</u>
15. Debtors	2020	2019
	£	£
Trade debtors	83	2,386
VAT recoverable	29,392	37,955
Prepayments	30,829	42,638
Accrued income	308,950	64,934
Other debtors	10,173	9,933
	<u>379,427</u>	<u>157,846</u>
16. Creditors: Amounts falling due within one year	2020	2019
	£	£
Trade creditors	53,407	131,995
Taxation and social security	22,772	27,108
Sundry creditors	68,485	66,211
Accruals	71,982	18,256
Deferred income	39,766	43,536
	<u>256,412</u>	<u>287,106</u>
Deferred Income	2020	2019
	£	£
Accruals and deferred income includes:		
Deferred income at 1 September 2019	43,536	16,528
Resources deferred in the year	39,766	43,536
Amounts released from previous years	(43,536)	(16,528)
Deferred income at 31 August 2020	<u>39,766</u>	<u>43,536</u>
Deferred income comprises:		
School funds income for future trips	31,495	
ESFA grant for rates 1 September 2020 to 31 March 2021	6,630	
LA funded statements for 1 September 2020 to 31 March 2021	1,641	
	<u>39,766</u>	

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

17. Funds	Balance at 01-Sep 2019 £	Incoming resources £	Resources expended £	Gains, Losses and Transfers £	Balance at 31-Aug 2020 £
Restricted General Funds					
General Annual Grant (GAG)	-	2,040,018	(2,056,092)	23,617	7,543
Pupil Premium	-	45,695	(45,695)	-	-
Other ESFA grants	-	115,928	(115,928)	-	-
Exceptional government funding	-	15,403	(15,403)	-	-
LA funded statements	-	29,021	(29,021)	-	-
Other government grants	-	5,013	(5,013)	-	-
Restricted catering	-	-	-	-	-
School Funds & Trips	44,079	62,141	(63,146)	-	43,074
Other educational income	-	12,952	(12,952)	-	-
Other restricted general funds	-	6,295	(6,295)	-	-
	<u>44,079</u>	<u>2,332,466</u>	<u>(2,349,545)</u>	<u>23,617</u>	<u>50,617</u>
Restricted Fixed Asset Funds					
Fixed assets used for charitable purposes	4,841,126	-	(111,628)	4,301	4,733,799
ESFA formula capital	24,741	10,829	(5,830)	(10,912)	18,828
ESFA condition improvement funds	(208)	-	(6,403)	6,611	-
ESFA condition improvement funds	-	119,355	-	-	119,355
ESFA condition improvement funds	-	132,015	-	-	132,015
Other capital donations	-	-	-	-	-
	<u>4,865,659</u>	<u>262,199</u>	<u>(123,861)</u>	<u>-</u>	<u>5,003,997</u>
Restricted Pension Reserve Funds					
Pension reserve fund	(1,880,000)	-	(99,000)	(306,000)	(2,285,000)
Total Restricted Funds	<u>3,029,738</u>	<u>2,594,665</u>	<u>(2,572,406)</u>	<u>(282,383)</u>	<u>2,769,614</u>
Unrestricted Funds					
Unrestricted general funds	-	23,617	-	(23,617)	-
Designated school fund	3,516	2,864	(322)	-	6,058
Investment bond	-	-	-	-	-
Total Unrestricted Funds	<u>3,516</u>	<u>26,481</u>	<u>(322)</u>	<u>(23,617)</u>	<u>6,058</u>
Total Funds	<u>3,033,254</u>	<u>2,621,146</u>	<u>(2,572,728)</u>	<u>(306,000)</u>	<u>2,775,672</u>

Details of transfers are shown in Note 10.

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of General Annual Grant (GAG) that it could carry forward at 31 August 2020.

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

General Annual Grant (GAG) fund

This represents the core funding for the educational activities of the school that has been provided to the academy via the Education and Skills Funding Agency (ESFA).

Pupil premium fund

This represents funding paid by the DfE to support disadvantaged students in their teaching and learning, with the aim of improving their attainment and closing the gap with more advantaged students.

Defined benefit pension scheme fund

This represents the deficit on the Local Government Pension Scheme (LGPS) at the year end. For details of the deficit payment plan see the pensions note.

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

Local authority funded statements

This represents funding from the Local Authority to pay for Learning Support Assistants who support the "statemented" special needs students.

Restricted catering fund

This relates to the provision of free school meals and hospitality.

Restricted school funds (including trips)

This relates to school trips and other activities; monies are held in the academy's "school fund" savings/current bank account.

ESFA condition improvement funds

This represents monies from the ESFA in relation to capital projects.

Fixed assets used for charitable purposes

This represents the value and movements on Tangible Fixed Assets note.

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

	Balance at 01-Sep 2018 £	Incoming resources £	Resources expended £	Gains, Losses and Transfers £	Balance at 31-Aug 2019 £
Restricted General Funds					
General Annual Grant (GAG)	101,027	2,255,199	(2,383,881)	27,655	-
Pupil Premium	-	49,209	(49,209)	-	-
Other ESFA grants	-	32,705	(32,705)	-	-
LA funded statements	-	12,759	(12,759)	-	-
Other government grants	(2,974)	8,085	(5,111)	-	-
Restricted catering	-	-	-	-	-
School Funds & Trips	40,337	85,232	(88,768)	7,278	44,079
Other educational income	-	17,842	(17,842)	-	-
Other restricted general funds	-	57,516	(57,516)	-	-
	<u>138,390</u>	<u>2,518,547</u>	<u>(2,647,791)</u>	<u>34,933</u>	<u>44,079</u>
Restricted Fixed Asset Funds					
Fixed assets used for charitable purposes	4,944,832	-	(115,484)	11,778	4,841,126
ESFA formula capital	-	38,747	(2,727)	(11,279)	24,741
ESFA condition improvement funds	-	-	499	(499)	-
ESFA condition improvement funds	-	66,120	(66,328)	-	(208)
Other capital donations	-	-	-	-	-
	<u>4,944,832</u>	<u>104,867</u>	<u>(184,040)</u>	<u>-</u>	<u>4,865,659</u>
Restricted Pension Reserve Funds					
Pension reserve fund	(1,231,000)	-	(55,000)	(594,000)	(1,880,000)
Total Restricted Funds	<u>3,852,222</u>	<u>2,623,414</u>	<u>(2,886,831)</u>	<u>(559,067)</u>	<u>3,029,738</u>
Unrestricted Funds					
Unrestricted general funds	-	8,548	-	(8,548)	-
Designated school fund	28,272	11,889	(10,260)	(26,385)	3,516
Investment bond	-	-	-	-	-
Total Unrestricted Funds	<u>28,272</u>	<u>20,437</u>	<u>(10,260)</u>	<u>(34,933)</u>	<u>3,516</u>
Total Funds	<u>3,880,494</u>	<u>2,643,851</u>	<u>(2,897,091)</u>	<u>(594,000)</u>	<u>3,033,254</u>

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

18. Analysis of Net Assets Between Funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	4,733,799	4,733,799
Current assets	6,058	307,029	270,198	583,285
Current liabilities	-	(256,412)	-	(256,412)
Non-current liabilities	-	-	-	-
Pension scheme liability	-	(2,285,000)	-	(2,285,000)
Total Net Assets	6,058	(2,234,383)	5,003,997	2,775,672

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

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	4,841,126	4,841,126
Current assets	3,516	331,185	24,533	359,234
Current liabilities	-	(287,106)	-	(287,106)
Non-current liabilities	-	-	-	-
Pension scheme liability	-	(1,880,000)	-	(1,880,000)
Total Net Assets	3,516	(1,835,921)	4,865,659	3,033,254

19. Commitments under operating leases

Operating Leases

At the balance sheet date the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2020 £	2019 £
Assets other than land & buildings		
Amounts due within one year	4,068	4,089
Amounts due between one and five years	7,762	11,840
Amounts due after five years	-	-
	11,830	15,929

Land and property leases

The leasehold land and buildings are subject to a 125 year lease with Appleby Grammar School Foundation. Although a peppercorn rent may be demanded, no such rent has been demanded to date.

The sports centre, which is situated on the Academy's freehold land, is hired from the Appleby Sports Centre (Registered Charity number 1125895). Rent is paid annually and a rental agreement is signed on a yearly basis.

Pension Commitments

The Academy is committed to paying amounts to the Teachers' Pension Scheme in respect of Premature Retirement balances for one former employee. £141 per month, index-linked, is payable in respect of the individual until that person dies.

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

20. Capital Commitments

	2020	2019
	£	£
Contracted for, but not provided in the financial statements	-	7,792
	<u>-</u>	<u>7,792</u>

21. Members' Liability

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

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

22. Pension and Similar Obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions payable to the schemes at 31 August and included in creditors were as follows:

	2020	2019
	£	£
Teachers' Pension Scheme	24,710	22,197
Local Government Pension Scheme	12,671	12,799
	<u>37,381</u>	<u>34,996</u>

The total pension costs to the academy during the year ended 31 August and included in staff costs were as follows:

	2020	2019
	£	£
Teachers' Pension Scheme	228,206	170,881
Local Government Pension Scheme	67,740	71,643
Local Government Pension Scheme deficit recovery	55,392	50,458
Premature Retirement Teachers Pension Scheme payments	1,046	1,384
Premature Retirement Local Government Pension Scheme payments	0	399
LGPS current service cost/contributions adjustment	64,000	20,000
	<u>416,384</u>	<u>314,765</u>

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

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

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

22. Pensions and Similar Obligations (continued)

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

The employer's pension costs paid to TPS in the period amounted to £229,252 (2019: £172,265).

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 a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

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

	2020	2019
	£	£
Employer's contributions	123,132	122,500
Employees' contributions	25,043	26,176
Total contributions	<u>148,175</u>	<u>148,676</u>

The agreed contribution rates for future years are 20.9% for employers, and 5.5% to 12.5% for employees depending on pay bands.

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

At the balance sheet date the scheme is in deficit. The Academy has entered into an agreement effective from 1 April 2020 to make additional contributions in addition to normal funding levels. It is anticipated that the payments will be made over 13 years from 1 April 2020, including £61,400 for 2020/21, £62,900 in 2021/22 and £64,400 in 2022/23.

Impact of McCloud judgement

In 2015, the government introduced reforms to public sector pensions, meaning many public sector workers were moved into new pension schemes. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to members in these schemes amounted to unlawful discrimination. This case is known as McCloud.

The Supreme Court decision in June 2019 not to allow the government leave to appeal, means the difference in treatment needs to be remedied across all relevant schemes, including the Local Government Pension Scheme (LGPS).

The impact of McCloud was taken into account in the FRS102 actuarial valuation and included for disclosure in the trust's 2019/20 financial statements. The impact is included in the past service cost figure as disclosed below.

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

22. Pensions and Similar Obligations (continued)

Local Government Pension Scheme (continued)

The principal actuarial assumptions are:

	At 31 August 2020	At 31 August 2019
Rate of increase in salaries	3.90%	3.50%
Rate of increase for pensions in payment / inflation	2.50%	2.10%
Discount rate for scheme liabilities	1.80%	1.80%
Inflation assumption (CPI)	2.40%	2.00%

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

	At 31 August 2020	At 31 August 2019
Retiring today		
Males	22.6	23.3
Females	25.2	25.9
Retiring in 20 years		
Males	24.2	25.6
Females	27.1	28.6

Sensitivity analysis

The table below, as produced by Mercer sets out the impact of a small change in assumptions on the defined benefit obligation.

	At 31 August 2020	At 31 August 2019
Discount rate + 0.1%	2,194,000	(91,000)
Discount rate - 0.1%	2,378,000	93,000
Mortality assumption - 1 year increase	2,415,000	130,000
Mortality assumption - 1 year decrease	2,159,000	(126,000)
CPI rate + 0.1%	2,379,000	94,000
CPI rate - 0.1%	2,193,000	(92,000)
Pay growth + 0.1%	2,301,000	16,000
	Deficit	Change
	At 31 August 2020	At 31 August 2019
	Deficit	Change
	1,797,000	(83,000)
	1,965,000	85,000
	1,945,000	65,000
	1,816,000	(64,000)
	1,964,000	84,000
	1,798,000	(82,000)
	1,900,000	20,000

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

22. Pensions and Similar Obligations (continued)

Local Government Pension Scheme (continued)

The academy trust's share of the assets in the scheme were:

	Fair value at 31 August 2020 £	Fair value at 31 August 2019 £
Equity instruments		
Equities	770,000	873,000
Debt instruments		
Government bonds	432,000	325,000
Other bonds	4,000	110,000
Property	122,000	103,000
Cash/liquidity	216,000	83,000
Other	681,000	312,000
Total Market Value of Assets	2,225,000	1,806,000
Present value of scheme liabilities		
Funded	(4,510,000)	(3,686,000)
Unfunded	-	-
Surplus / (deficit) in the scheme	(2,285,000)	(1,880,000)

The actual return on the scheme assets in the year was £6,000 (2019: £129,000).

None of the fair values of the assets shown above include any of the academy's own financial instruments or any property occupied by, or other assets used by, the academy.

Amounts recognised in the statement of financial activities

	2020 £	2019 £
Current service cost (net of employee contributions)	(144,000)	(130,000)
Net interest cost	(32,000)	(32,000)
Administration expenses	(3,000)	(3,000)
Past service (cost)/gain	(43,000)	-
Gain/(loss) on curtailment	-	(31,000)
Gain/(loss) on settlement	-	-
Total operating charge	(222,000)	(196,000)

Other recognised gains and (losses)

	2020 £	2019 £
Remeasurements (liabilities)	(606,000)	(678,000)
Remeasurements (assets)	300,000	84,000
Total amount recognised in the SOFA	(306,000)	(594,000)

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

22. Pensions and Similar Obligations (continued)

Local Government Pension Scheme (continued)

Changes in the deficit in the year:	2020 £	2019 £
Deficit in scheme at 1 September 2019	1,880,000	1,231,000
Current service cost	144,000	130,000
Interest cost	65,000	77,000
Employer contributions	(123,000)	(141,000)
Past service (cost)/gain	43,000	-
Actuarial (gain)/loss - Remeasurements	306,000	594,000
Administration expenses	3,000	3,000
Interest income	(33,000)	(45,000)
Plan introductions, benefit changes, curtailments and settlements	-	31,000
Deficit at 31 August 2020	2,285,000	1,880,000
Changes in the present value of defined benefit obligations were as follows:	2020 £	2019 £
At 01 September 2019	(3,686,000)	(2,774,000)
Current service cost	(144,000)	(130,000)
Interest cost	(65,000)	(77,000)
Employee contributions	(25,000)	(28,000)
Past service (cost)/gain	* (43,000)	-
Actuarial gain/(loss) - Remeasurements	(606,000)	(678,000)
Benefits / transfers paid	59,000	32,000
Plan introductions, benefit changes, curtailments and settlements	-	(31,000)
Benefit obligation at 31 August 2020	(4,510,000)	(3,686,000)
Changes in the fair value of Academy's share of scheme assets:	2020 £	2019 £
At 01 September 2019	1,806,000	1,543,000
Interest income	33,000	45,000
Administration expenses	(3,000)	(3,000)
Actuarial gain/(loss) - Remeasurements	300,000	84,000
Employer contributions	123,000	141,000
Employee contributions	25,000	28,000
Benefits / transfers paid	(59,000)	(32,000)
Plan introductions, benefit changes, curtailments and settlements	-	-
Scheme assets at 31 August 2020	2,225,000	1,806,000
* Past service cost includes:	McCloud impact	35,000
	GMP indexation	7,000
		42,000

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

23. Related Party Transactions

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

The following related party transactions took place in the period of account:

Related parties

- *Appleby Grammar School Foundation*
There were five governors - M Stephenson (until 01/08/2019), H Taylor, D Watkinson, J Rostron and D Anderton - who acted for the Academy during the year who also acted as a trustee for Appleby Grammar School Foundation. The governors have no equitable interest in either entity.
- *Appleby Sports Centre*
M Stephenson (until 01/08/2019) acted for the Academy during the period and also acted as a trustee for Appleby Sports Centre. The governor has no equitable interest in either entity.
- *Appleby Heritage Centre Limited*
J Rostron acted for the Academy during the period and also acted as a trustee for Appleby Heritage Centre Limited. The governor has no equitable interest in either entity.

In entering into the above transactions the academy has complied with the requirements of the ESFA's Academies Financial Handbook.

Related party transactions with staff governors are detailed in an earlier note.

Expenditure Related Party Transactions

- Appleby Grammar School Foundation. The Academy owns a 22kw solar panel system, situated on the 1962 block, which is included in tangible fixed assets. In addition, the Academy owns a 128kw solar panel system, situated on the Appleby Sports Centre, which is included in tangible fixed assets. The Academy benefits from reduced electricity charges and the Foundation receives the Feed-in-Tariff direct from the electricity company.
- Appleby Sports Centre. The Academy paid £16,000 (2019: £20,549) to Appleby Sports Centre for the hire of the sports facility during the period. There was a balance of £16,000 (2019: £5,549) due at the period end to Appleby Sports Centre.
- Appleby Heritage Centre Limited. The Academy paid Appleby Heritage Centre Limited the following amounts, excluding VAT, for services provided: external teaching £10,438 (2019: £34,083) and health & safety assessment work, transport and travel £2,438 (2019: £12,329). There was a balance of £Nil (2019: £6,612) due at the period end to Appleby Heritage Centre Limited.

Income Related Party Transactions

- Appleby Grammar School Foundation income transactions:

	2020	2019
Donations towards trips and activities.	-	-
Donations towards capital projects	-	-
Other donations received (2019: To fund an additional teacher in Year 7)	-	55,000
	-	55,000
- Appleby Sports Centre. The Academy received lettings income of £63 (2019: £356) from Appleby Sports Centre for the hire of the gym during the period when the sports centre is overbooked. In addition, in 2019 there was a reimbursement for repairs costs totalling £5,341.

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

24. Agency Arrangements

The academy acts as an intermediary for the following agency arrangements but has no responsibility for them. The receipts and payments during the period have been excluded from the Statement of Financial Activities. An amount is included in other creditors relating to undistributed funds that are repayable as shown below:

	16-19 ESFA Bursary	The Rural Academy of Cumbria £	Eden Area Secondary Head
Monies brought forward	17,122	9,886	-
Receipts during the year	5,427	-	-
Distributions during the year	(1,793)	-	-
Balance carried forward	<u>20,756</u>	<u>9,886</u>	<u>-</u>

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

	16-19 ESFA Bursary	The Rural Academy of Cumbria £	Eden Area Secondary Head
Monies brought forward	14,351	9,886	-
Receipts during the year	7,850	-	-
Distributions during the year	(5,079)	-	-
Balance carried forward	<u>17,122</u>	<u>9,886</u>	<u>-</u>

16-19 Bursary Fund

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA.

The Rural Academy of Cumbria

This group facilitates closer collaboration between seven small secondary schools spread across Cumbria.

Eden Area Secondary Heads

This group facilitates closer collaboration between five secondary schools located within the Eden valley utilising Local Authority consortia funding.