

Company Registration Number: 07700251 (England & Wales)

ALCESTER ACADEMY
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020



ALCESTER ACADEMY
(A company limited by guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS

Members

Mr M Dean
Mrs F Williams
Mrs G Forman
Mr A Lewis
Mr P Wright (Appointed 1 September 2019, Resigned 21 November 2019)

Trustees

Miss K Buckthorp
Ms C Craig, Chief Financial Officer
Mr M Dean, Chair of Trustees
Ms K Evason
Mrs G Forman
Mrs C Hodgetts
Mr P Hyde, Head Teacher (resigned 1 September 2019)
Mr A Lewis
Mrs F Williams
Mr C Short
Mrs A Grant
Mr G Undrell (appointed 19 September 2019)
Mr P Wright (appointed 5 September 2019, resigned 21 November 2019)
Mrs S Wright (appointed 8 October 2019)
Mrs S Mellors, Head Teacher (appointed 25 November 2019)
Mr D Plumb (appointed 10 September 2020)
Mr T Harrison (appointed 9 November 2020)

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

Company registered number

07700251

Company name

Alcester Academy

Principal and registered office

Gerard Road, Alcester, Warwickshire, B49 6QQ

Company secretary

Miss E Home

Chief financial officer

Ms C Craig

Senior leadership team

Mrs S Mellors, Head Teacher
Mrs W Woodman, Director of Studies
Miss K Buckthorp, Assistant Head Teacher

Independent auditors

Smith Cooper Audit Limited, 158 Edmund Street, Birmingham, West Midlands, B3 2HB

Bankers

Lloyds TSB Bank plc, 4 The Cross, Worcester, WR1 3PY

Solicitors

Browne Jacobson LLP, 44 Castle Gate, Nottingham, NG1 7BJ

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the Financial Statements and Auditor's report of the Charitable Company for the 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The trust operates an academy for pupils aged 11 - 16 serving a catchment area in South Warwickshire. It has a pupil capacity of 650 and had 640 confirmed in the school census on 1st October 2020.

The principal object of the academy is:

a) to advance for the public benefit education in the United Kingdom by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

b) to promote for the benefit of individuals living in South Warwickshire and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

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 Alcester Academy are also the directors of the charitable company for the purposes of company law. The charitable company operates as Alcester Academy.

Details of the Trustees who served throughout the period from 1st September to 31st August 2020 as noted are included in the Reference and Administrative Details on page 1.

The members of the Company are the signatories to the Memorandum, any person appointed by the Secretary of State, the chairman of the Trustees, and any person appointed under Article 16.

Members' Liability

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

Trustees' Indemnities

The structure of the Academy consists of a Board of Trustees (who act as the Trustees for the charitable activities of Alcester Academy) and who are also the Directors of the academy for the purposes of the Company. The academy has insurance to cover Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business.

Method of Recruitment and Appointment or Election of Trustees

Parent Trustees are elected by parents of registered pupils at the Academy. A parent Trustee must be a parent of a pupil at the Academy at the time when she/he is elected.

Community Trustees may be appointed by the Governing Body provided that the person who is appointed is a

- Person who lives or works in the community served by the Academy; or
- A person who, in the opinion of the Governing Body, is committed to the governance and success of the academy.

Staff Trustees are elected by employees of the Academy Trust.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

The above selection procedures are:

Parent Governors – Vacancy advertised, applications received and interview with Chair of Governors. The successful candidate is contacted by the Head Teacher.

Community Governors – Elected from the local Community where a vacancy arises and where appropriate professional status will enhance the Governing Body.

Staff Governors – Applications requested in school where vacancies arise.

Policies and Procedures Adopted for the Induction and Training of Trustees

Key considerations for appointment of Trustees include personal experience, professional and specialist skills. New Trustees undertake induction to the workings of the academy. Training is offered to all Trustees and is provided through a number of sources. Trustees, with the exception of the Head Teacher, are appointed for a four year term. At the end of this period they can offer themselves either for re appointment or re election as appropriate.

Organisational Structure

The strategic management of the academy is the responsibility of the Trustees who are elected and co opted under the terms of the Articles of Association. The governing body comprises:

- Up to 1 Trustee appointed under article 50
- Up to 1 LA Trustee if appointed under article 51
- 7 Parent Trustees appointed under articles 53 and 58
- Up to 3 Staff Trustees appointed under article 58a, not including the Head Teacher
- Up to 6 Community Trustees, appointed under article 58b
- Any additional Trustees, if appointed, under articles 62, 62a or 68a
- The Head Teacher by virtue of office
- Any further Trustees, if appointed under articles 63 or 68a

The academy may also have any co opted Trustees appointed under article 59.

The full board of Trustees met 5 times physically during this year. All other sub committees met 4 times. This was the result of a national lockdown being imposed in March 2020 making face to face meetings more difficult. The Trust ensured that oversight of funds was maintained by the Chief Financial Officer ("CFO"), Accounting Officer and Business Manager continuing contact by telephone and video calls during this period as required and once permitted, the CFO visited school in order to liaise as needed with the Accounting Officer. Where decisions were needed on larger spends linked to COVID-19, the Accounting Officer involved both the CFO and Chair of Governors as a minimum before authorising.

Most members of the Board of Trustees are on one of the standing committees and the Head Teacher and Chairman are ex officio members of all Committees.

Terms of reference exist for each committee and are reviewed annually.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Trustees

Committee membership at 31st August 2020

Miss K Buckthorp	B+A, F+A
Mr M Dean	Ex officio on all committees
Mrs G Forman	F+A, Quality of Education/HR
Mrs C Hodgetts (link DSEN&CP)	B+A, Quality of Education/HR
Mrs F Williams	Quality of Education/HR, B+A Chair
Ms C Craig	B+A, F+A Chair
Ms K Evason	B+A, F+A
Mr A Lewis	Quality of Education /HR
Mrs A Grant	Quality of Education/HR Chair
Mr C Short	F+A
Mr G Undrell	Quality of Education/HR, F+A
Mrs S Wright	Quality of Education/HR, B+A
Mrs S Mellors	Ex officio on all committees - Head Teacher

(DSEN: Designated Special Educational Needs, CP: Child Protection)

Committees

F+A : Finance and Audit, Quality of Education/HR : Human resources, B+A : Behaviour and Attendance.

The operational running of the academy is the responsibility of the Head Teacher and her Senior Leadership Team (SLT). The Head sits on all Trustee Committees; she is responsible to the Board of Trustees and reports to them regularly.

Decision making

The Board of Trustees has overall responsibility for the Academy. They ensure that grants from the ESFA are used only for the purposes intended and that funds from sponsors are correctly recorded and used. They also approve the Academy's Strategic Plan and Annual Budget. They are responsible for the appointment of the Head Teacher. The Board of Trustees also empowers a number of sub committees to carry out their responsibilities for governance, approval, monitoring and reporting in a number of specific areas e.g. the Finance and Audit Committee.

Pay Policy for Key Management Personnel

The Directors consider that the Senior Leadership Team ("SLT") and the Board of Directors comprise the Key Management Personnel of the Trust in charge of directing and controlling, running and operating the Trust on a day to day basis. The SLT for 2019/20 was made up of 1 Head Teacher, 1 Director of Studies and 1 Director of Student Well Being. No director receives any form of remuneration, unless they are appointed as a staff director.

The Board of Directors of the Trust have in place a pay policy which was adopted on 15 December 2016 and which is reviewed annually with the Head Teacher. The pay policy states that the Board is committed to taking pay decisions in accordance with the principles of public life as listed in DfE guidance; objectivity, openness and accountability. The policy also notes that the Board recognises the legal requirements placed upon them by the Education Act 2002 and subsequent legislation together with the current School Teacher's Pay and Conditions document (STPCD) and the National and Local Conditions of Service for National Joint Council staff and the Education (School Teacher Appraisal) (England) Regulations 2012. The policy also reflects the Trust's responsibilities to staff under the Equality Act 2010, the Employment Relations Act 1999 and all other relevant legislation of which the Trust is aware.

The Board of Directors delegates to the Quality of Education and Human Resources Committee the responsibility for approving decisions relating to performance pay progression in line with the pay policy.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

The policy is based on a "whole school" approach to pay issues with pay decisions taken in the full consideration of the resources available within the overall school budget. This means that pay decisions relating to particular groups of staff are not taken in isolation.

All employees are paid in accordance with the statutory provisions of the STPCD and the "Burgundy Book" (teaching staff) or the National Joint Council "Green Book" conditions of service and NJC pay scales (support staff); and the pay ranges determined by the school. The IPR ranges of the head teacher or other senior leaders are not altered if they have reached the top of their individual pay range or to provide the equivalent of a pay award.

Pay progression of the Head Teacher, and the rest of SLT is reviewed annually in line with the pay policy.

Support staff leadership payments are made in accordance with the National Joint Council for Local Government Services pay scales and allowances that are reviewed annually. Individual pay for posts within the Trust are assessed utilising the Job evaluation process that is detailed within the National Joint Council national pay and conditions of service, known as the green book.

Related Parties and Other Connected Charities and Organisations

Governors Declarations of Interest 2020-21

A review of business and pecuniary interests took place in September 2020. Governors are asked at the beginning of every meeting if they have any business and pecuniary interest changes to declare. To view the business and pecuniary interest register, visit Governors' Information and Duties on the Academy's website.

Note 26 to the accounts provides details of transactions with related connected parties.

Objectives, Strategies and Activities

The Trust's objective for the year ending 31 August 2020 were outlined in the Mission Statement and Strategic vision below:

Mission Statement

Alcester Academy will become an outstanding academy through delivering a high quality curriculum which allows all of our students to fulfil their academic potential. Our students will become well adjusted members of the community with high moral values and self discipline. They will progress successfully into education, employment or training, holding a valuable combination of knowledge and skills for employment.

Strategic Vision

Alcester Academy will become:

- An academy with a diverse curriculum which 'best fits' the desires of the students
- A place where students of all abilities fulfil their academic potential
- A place where students thrive as a result of excellent teaching
- An academy with a well developed pastoral support system which offers a high level of care
- A place where behaviour does not inhibit the learning process
- An academy with a positive outward face

In addition to this the following business strategies were adopted:

- To provide value for money for the funds expended
- To conduct all business in accordance with the highest standards of integrity, probity and openness

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FOR THE YEAR ENDED 31 AUGUST 2020

Public Benefit

The Trust will promote for the benefit of inhabitants of Alcester and the surrounding area the provision of facilities for education, recreation or other leisure time occupation of individuals particularly, but not exclusively, young people.

The academy Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties and its supplementary guidance on education.

Strategic Report

Achievements and Performance including Key Performance Indicators

The performance of the Academy is monitored against the aims and objectives. This is carried out initially by the Head Teacher and the SLT, but at a higher level monitoring and governance is exercised by the Trustee sub committees and the Board of Trustees.

There are a number of performance measures and key performance indicators which are used in the school and they form an important part of the management reporting framework. They are used to enable the SLT and various trustee sub committees to actively monitor performance and take corrective action. They mainly cover the pupils, teaching staff and the schools finances; academic indicators for example track the exam attainment of the pupils within the school and also against external league tables; the progress of the pupils, particularly those with SEND (Special Educational Needs and Disability) and those for whom Pupil Premium is received; also the number of students leavers on the NEET register (Not in Employment, Education or Training).

In July 2020, key stage 4 terminal assessment was adjusted by the DfE because of the lost time due to COVID-19. Schools were asked to submit centre assessed grades for GCSEs and vocational courses. Unlike other years, this data will not be shared publicly via national league tables. The academy considered that despite a national lockdown and extended period of time where students were not in school, outcomes from centre assessed grades were still strong.

Teaching staff have annual performance appraisals linked to pupil performance with relevant objectives and targets.

Financial indicators include budget targets, income and costs per pupil, the pupil to teacher ratio, and the staff cost and support cost overhead ratios.

Review of Academic Activities:

Progress 8 is a secondary accountability measure aimed at measuring the progress of pupils across a selected set of 8 subjects from the end of primary school to the end of secondary school. It is a type of value added measure, meaning that pupils' results are compared to the results of other pupils with the same prior attainment. A school's Progress 8 score will be calculated as the average of its pupils' Progress 8 scores. It will give an indication of whether, as a group, pupils in the school made above or below average progress compared to similar pupils in other schools. By achieving a progress 8 score of +0.91, students at the Academy are deemed to make significantly above average progress.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

This pattern of school improvement is illustrated as follows:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020 (COVID-19)</u>
Whole School	+0.04	+0.49	+0.55	+0.77	+0.91
English	+0.05	+0.67	+0.95	+0.87	+1.03
Maths	+0.42	+0.88	+0.66	+1.05	+1.02
Ebacc	-0.21	+0.06	-0.04	+0.52	+0.78
Open	+0.04	+0.54	+0.79	+0.77	+0.9

In spite of centre assessed grades being used because of the coronavirus situation, in 2019-20, 83% of students achieved a standard pass in English and Mathematics and 67% achieved a strong pass measure in these subjects. This represents performance significantly above the national average. Our Progress 8 figure for this cohort was significantly above the national average at +0.91.

We have achieved what is now a six year improvement in performance through considered curriculum changes and a rigorous intervention programme. The academy offers a high level of support for students with an average of 12 additional hours of learning each week being offered per week. We are able to provide such a high level of support through lunchtime classes, afterschool classes and by opening the academy on a Saturday for our highly valued Saturday School. We believe that this extra provision, which is provided at no additional cost to students and only minimal cost to the academy is exceptional.

Wider measures show a narrowing of the progress and attainment gap for disadvantaged students. Our students supported by the Pupil Premium achieved a Progress 8 score of +0.55 source: SISRA Analytics. We believe that this value will be above the figure returned for 'other' students nationally.

Overall Progress 8

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
PP	+0.04	+0.11	+0.05	+0.76	+0.55
Non-PP	+0.04	+0.57	+0.61	+0.77	+0.91

Attendance at the academy has been maintained at 95%. In light of 2019-20 being such a difficult year in education because of coronavirus, this is pleasing. Every attempt is made to engage with students not in school and their parents and offer as much support as possible.

The Academy recognises the importance of preparing students for the next phase of their education. We offer a broad careers programme as well as a highly focused programme for those at risk of not securing a place in education, employment or training. As a direct consequence of this the vast majority of students take up places in sixth form or college education, studying level 3 courses. A small number of students take up apprenticeships.

As a result of our determination to be the best that we can be, the academy was judged as Good by Ofsted in October 2015. In 2019 the academy received a further Section 8 inspection. This inspection confirmed that we are still Good and may well be Outstanding. As such, the academy has been selected to receive a full section 5 inspection as soon as the coronavirus measures allow this. Our next inspection will be a full inspection and may result in a grade change to Outstanding.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Whole school improvement priorities for the year 2020-21 have been identified as:

Achievement:

Raise attainment in those few subjects not yet above the national average such that attainment in all subjects is above National Averages.

Continue to focus upon the gap between Pupil Premium and non Pupil Premium students, even though Pupil Premium students achieve well above their national counterparts.

Despite white British boys making good progress according to the Progress 8 score for 2019, this continues to be an area that the school wish to improve upon. Nationally, this is a focus for improvement also.

Teaching and Learning:

Further improve the quality of Teaching and Learning such that lessons always result in students making outstanding progress.

Positively exploit the ICT used in lockdown and distance learning.

Behaviour and Attendance:

Develop a culture of success through reward.

Develop student leadership and student voice.

Leadership and Management:

Use the wealth of UPS3 staff within the school in revised roles in order to aid developments across the school.

See the positive impact of a new senior leadership team.

Recruit a new Business Manager.

Going concern

After making appropriate enquiries, the governing body has a reasonable expectation that the academy 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.

Equal Opportunities

The Trustees recognise that equal opportunities are an integral part of good practice within the workplace. The academy has established equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

The average number of employees at Alcester Academy during the accounting period was 70. Alcester Academy recruits widely and encourages applications from all for any vacancy that exists in the Academy and is aware of the requirements placed upon it by both the Equality Act 2010 and the Disability Equality Duty in the Disability Discrimination Act.

Employee Consultation

Arrangements to provide information and consult employees on matters affecting them are in place principally through regular staff meetings. In addition, 'Staff Voice', a body which includes representatives from all main elements of the staff base, meets every term to discuss various matters in relation to the academy, and feedback from this meeting is presented to the Board of Trustees.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Financial Review

COVID-19

The Trust has felt a significant financial impact from the pandemic with regards to additional expenses incurred since March 2020. These continue to grow as the new academic year has begun. Not all of the summer 2020 expenses have been recouped. Expenses consisted of safety signage, tape and perspex; additional staffing hours; specific resources required for vulnerable children being looked after on site; IT equipment; subscriptions to support remote learning and postage for student communication.

Movement on reserves

The Statement of Financial Activities (page 24) and Note 17 Funds (page 41) show the movements on funds. The Funds are the Restricted General Fund (which includes the General reserve and the Pension reserve), the Fixed Assets Fund or reserve and the Unrestricted General Fund.

Excluding the pension reserve deficit, the general reserve in which the educational activities are accounted shows an income of £3,292,000 and expenditure of £3,900,000 hence a net deficit of £608,000 for the year; and has a cumulative balance of £801,000. This balance will be used to finance the academy over the coming years as small year groups (recruited when the academy had a less favourable reputation) move through the academy and leave to be replaced by larger year groups. Current projections show the academy full to capacity in 2021.

The unrestricted reserve is where fund raising and non educational activities are accounted. This has a surplus of £5,000 and a carry forward balance of £52,000, mainly as a result of interest earned on bank deposits. This unrestricted reserve can be used for any charitable purpose.

The fixed asset reserve is where the capital activities of the academy are accounted. The movement represents capital grant income, capital purchases and depreciation of fixed assets. The net movements for the year were a £497,000 deficit with a carry forward surplus of £6,645,000. During the year the canteen kitchen, the asset under construction, completed November 2020 and the cost of £235,000 was transferred into fixtures and fittings. The canteen kitchen is now working efficiently and to capacity.

Finally, the pension reserve represents the value of the Local Government Pension Scheme (LGPS) which is in deficit. In the year, the deficit was increased by £467,000 and the reserve now has a negative balance of £1,935,000. The academy has no influence over the pension reserve which is subject to an annual independent actuarial valuation.

Reserves Policy

The Academy's reserves policy is to maintain the General reserve at a sufficient level to sustain operations during the years when ESFA grant funding may not be sufficient to cover annual costs. The unrestricted reserve is to be used for financing any potential commercial opportunities.

Investment Policy

The Academy's policy is to ensure funds that are not immediately required to cover anticipated expenditure are invested to maximise the academy's income but with minimal risk. Presently approximately 60% of the academy's reserves are held on 32 day notice variable interest deposit. The academy does not consider the investment of surplus funds as a primary activity, rather as an act of good stewardship as and when circumstances allow.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Financial monitoring

The principal financial management policies adopted continue to be regular financial reviews, of income and expenditure through the analysis of actuals, budgets, forecasts and plans. These are conducted regularly with the Head Teacher and at the Finance and Audit Committee meetings.

Financial Plans for the future

The academy has a five year Strategic Plan in place. This plan is based on achieving a number of academic and financial targets. The Academy's site capital requirements are continuously reviewed.

There is also an ongoing staff development programme in place to ensure the teaching staff are well supported and assisted to enable them to achieve good academic results.

Principal Risks and Uncertainties

The Academy has a Risk Management Policy, a risk register and risk review process. The objective is to, where it is considered necessary, put in place measures of control and mitigation in order to effectively manage risk.

The principal risk facing the academy is the medium term demand for the academy's services. As a result of being graded 'Requires improvement' in 2013, the academy failed to reach it's PAN in three of its intakes, hence a drop in the grant funding. This risk is being managed through the implementation of a five year rolling financial plan, which involves regular monitoring and forecasting. The overall aim of which is to build up reserves to enable the academy to sustain itself until pupil numbers recover. We are now in Year 5 of this programme and pupil numbers are improving rapidly. Local forecasts relating to pupil number suggest that there are now more pupils than there are school places in the Alcester area. This combined with our much improved reputation means we are now oversubscribed. Whilst this is positive, we are mindful to manage this risk by maintaining a positive outward face of the academy in order to retain the strong reputation that we have acquired that is so appealing to parents when selecting their secondary school.

Associated with the principal risk is the fact that schools are experiencing 'real term cuts'. Should the running costs of the Academy further increase at a rate in excess of inflation or the 'per head' funding fall, the academy's financial planning would need to be re visited. This is a pressure that all academies face.

In addition there are the usual risks of accidents and natural disasters and the need to maintain standards across the Academy. Control measures are in place to address all the above risks and to continue to monitor the internal and external environment for new potential risk.

Risk Management arrangements

The Board of Trustees are responsible for the management of the risks faced by the academy. The academy has in place a formal risk management process to assess risks. The risk register is reported to the Board of Trustees at least annually so that they can be satisfied that there are systems in place to remove or mitigate any exposure to those risks.

A formal review of the risk management process is undertaken on an annual basis and key controls in place include:

- Formal agendas for all committee activity
- Terms of reference for all governing body and delegated committees under the direction of the governing body.
- Pecuniary interests of Trustees reviewed at each meeting
- Comprehensive budgeting and management reporting
- Established organisational structure and clear lines of reporting

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

- Formal written policies
- Clear authorisation and approval levels
- Vetting procedures as required by law for the protection of the vulnerable

The Trustees carried out their last review in December 2019 and a review is taking place in December 2020. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

Funds Held on Behalf of Others

The academy operates School Fund accounting records for the purpose of managing income and expenditure for trips, activities and other events undertaken for students. The School Fund income and expenditure and creditor balances are included in the year end accounts of the academy for the period ending 31 August 2020.

Fundraising

The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by Trustees.


Auditor

In so far 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 Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on _____ and signed on its behalf by:

Mrs S Mellors
Accounting officer


Mr M Dean
Chair of Trustees

S. Mellors
9/12/20

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GOVERNANCE STATEMENT

Scope of responsibility

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

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

The board of Trustees has delegated the day-to-day responsibility to the Head Teacher, 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 Alcester Academy and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

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

Trustee	Meetings attended	Out of a possible
Miss K Buckthorp	5	5
Ms C Craig, Chief Financial Officer	5	5
Mr M Dean, Chair of Trustees	5	5
Ms K Evason	4	5
Mrs G Forman	2	5
Mrs C Hodgetts	4	5
Mr P Hyde, Head Teacher (resigned 1 September 2019)	0	0
Mr A Lewis	4	5
Mrs F Williams	4	5
Mr C Short	1	5
Mrs A Grant	4	5
Mr G Undrell	2	4
Mr P Wright (appointed 5 September 2019, resigned 21 November 2019)	2	2
Mrs S Wright	4	4
Mrs S Mellors, Head Teacher (appointed 25 November 2019)	3	3

Finance and General Purposes Committee

The Finance and General Purposes Committee is a sub-committee of the main board of Trustees. 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.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
Ms C Craig	4	4
Mrs G Forman	2	4
Ms K Evason	2	4
Mr C Short	1	4
Mrs S Mellors, Head Teacher	3	3
Miss K Buckthorp	2	4
Mr G Undrell	4	4
Mr P Wright	1	1

Review of value for money

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

The accounting officer considers how the academy 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 available. The accounting officer for the academy trust has delivered improved value for money by:

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

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

All expenditure incurred is monitored against outcomes and standards achieved by pupils, in order to determine that value for money has been achieved. This is done through regular monitoring for impact of resources and interventions within school and by Governors.

Staffing levels are reviewed on an annual basis to ensure the needs of the school are met. The Governors support staff levels that are sufficient to ensure consistency and continuity for pupils and this in turn leads to minimal supply staff being needed to cover sickness absence and helps the school maintain the high standards it is aiming for.

Staffing levels, and all other expenditure, are linked to the School Improvement Plan which is reviewed regularly to ensure that the expenditure is impacting positively and appropriately.

In terms of pupil outcomes and progress, schools are unable to report on this as data has not been collected externally due to Covid-19 closure.

The school works hard on positive marketing in order to ensure that it remains oversubscribed each academic year.

ALCESTER ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

NEET (Not in employment, education or training)

The Trust prides itself that for the last 5 years it has achieved NEET figures well below national averages and Warwickshire averages. This is a significant achievement given the current economic climate and is another measure that demonstrates that the Trust invests its money in curriculum delivery, interventions, vocational courses and careers guidance effectively.

To ensure that standards are continually raised the Trust also:

- Operated a programme of lesson observations linked to teacher appraisal throughout the academic year;
- Operated a programme of departmental monitoring, evaluation and review throughout the academic year;
- Continuously assessed the progress for students in all year groups;
- Implemented a weekly Raising Achievement Meeting chaired by the Head Teacher

The Trust ensured that the staffing structure was deployed to support an improved curriculum. Most recent examples of this are:

- Improved focus on the progress of the most vulnerable groups of students
- Improved and increased intervention at KS4 via one to one tuition and assertive mentoring.
- Employed additional support staff in English and Maths to further drive up standards
- Implementation of a Saturday School programme to offer an additional 2 3 hours per week of focussed support for individuals.

The Trust also invested funding in a number of key areas to benefit individual and groups of students as follows:

- Investment in behaviour and engagement strategies aimed at students at risk of exclusion.
- Intervention strategies including one to one, small group work and assertive mentoring

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Academy Trust's 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 Alcester Academy for the year 1 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 Board of Trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy trust's significant risks that has been in place for the period ended 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

- The CFO, Accounting Officer and Business Manager work with appropriate professionals in order to seek advice and challenge any areas required.
- All of these key staff are involved in liaising with appropriate financial professionals that support the Trust processes in order to refine practice and ensure that processes run effectively.

ALCESTER ACADEMY
(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework

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

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

The academy has a set of operational policies and procedures in place which are kept up to date.

The Board of Trustees appointed external consultants to undertake a support role and to perform checks. During the year internal control checks included; payroll, credit cards, submissions to the ESFA, purchases, expense claims, bank and cash and control reconciliations.

The appointee's role includes giving advice on financial matters and performing a range of checks on the academy's financial systems.

Review of effectiveness

As Accounting Officer, the principal/chief executive has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

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

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

Approved by order of the members of the board of Trustees on 9/12/2020 and signed on their behalf by:

Mr M Dean
Chair of Trustees



Mrs S Mellors
Accounting Officer



ALCESTER ACADEMY
(A company limited by guarantee)

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Alcester Academy I have considered my responsibility to notify the Academy board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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



Mrs S Mellors
Accounting Officer

Date:

9/12/20

ALCESTER ACADEMY
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Board of Trustees on 4/12/2020 and signed on its behalf by:


Mr M Dean
Chair of Trustees

ALCESTER ACADEMY
(A company limited by guarantee)

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

Opinion

We have audited the financial statements of Alcester Academy (the 'academy') for the year ended 31 August 2020 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy'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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

ALCESTER ACADEMY
(A company limited by guarantee)

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

ALCESTER ACADEMY
(A company limited by guarantee)

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

Responsibilities of Trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of our report

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

Smith Cooper Audit Limited

Paul Kurowski (Senior statutory auditor)

for and on behalf of

Smith Cooper Audit Limited

Chartered Accountants

Statutory Auditors

158 Edmund Street

Birmingham

West Midlands

B3 2HB

Date: *16/12/2020*

ALCESTER ACADEMY
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 19 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Alcester Academy during the year 1 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.

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

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

The accounting officer is responsible, under the requirements of Alcester Academy's funding agreement with the Secretary of State for Education dated 01 August 2011 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 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's income and expenditure.

The work undertaken to draw our conclusions is:

- planned our assurance procedures including identifying key risks;
- carried out a program of substantive testing, including review of the program for work and findings in relation to internal scrutiny;
- undertook controls testing where considered appropriate;
- concluded on the procedures undertaken.

ALCESTER ACADEMY
(A company limited by guarantee)

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

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Smith Cooper Audit Limited

Smith Cooper Audit Limited

158 Edmund Street
Birmingham
West Midlands
B3 2HB

Date: *16/12/2020*

ALCESTER ACADEMY
(A company limited by guarantee)

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

	Note	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Income from:						
Donations and capital grants	3	-	4	13	17	231
Charitable activities	4	-	3,270	-	3,270	2,898
Investments	5	3	-	-	3	5
Other income	6	2	-	-	2	3
Total income		5	3,274	13	3,292	3,137
Expenditure on:						
Charitable activities	7	-	3,389	511	3,900	3,841
Total expenditure		-	3,389	511	3,900	3,841
Transfers between funds	17	-	(1)	1	-	-
Net movement in funds before other recognised gains/(losses)		5	(116)	(497)	(608)	(704)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	23	-	(370)	-	(370)	(401)
Net movement in funds		5	(486)	(497)	(978)	(1,105)
Reconciliation of funds:						
Total funds brought forward		47	(648)	7,142	6,541	7,646
Net movement in funds		5	(486)	(497)	(978)	(1,105)
Total funds carried forward		52	(1,134)	6,645	5,563	6,541

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

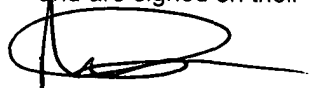
The notes on pages 27 to 49 form part of these financial statements.

ALCESTER ACADEMY
(A company limited by guarantee)
REGISTERED NUMBER: 07700251

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £000	2020 £000	2019 £000	2019 £000
Fixed assets					
Tangible assets	14		6,645		7,043
			<u>6,645</u>		<u>7,043</u>
Current assets					
Debtors	15	118		215	
Cash at bank and in hand		964		1,158	
		<u>1,082</u>		<u>1,373</u>	
Creditors: amounts falling due within one year	16	(229)		(407)	
Net current assets			<u>853</u>		<u>966</u>
Total assets less current liabilities			<u>7,498</u>		<u>8,009</u>
Defined benefit pension scheme liability	23		(1,935)		(1,468)
Total net assets			<u><u>5,563</u></u>		<u><u>6,541</u></u>
Funds of the Academy					
Restricted funds:					
Fixed asset funds	17	6,645		7,142	
Restricted income funds	17	801		820	
		<u>7,446</u>		<u>7,962</u>	
Restricted funds excluding pension asset	17				
Pension reserve	17	(1,935)		(1,468)	
Total restricted funds	17		<u>5,511</u>		<u>6,494</u>
Unrestricted income funds	17		<u>52</u>		<u>47</u>
Total funds			<u><u>5,563</u></u>		<u><u>6,541</u></u>

The financial statements on pages 24 to 49 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:



Mr M Dean
Chair of Trustees

9/12/2020

ALCESTER ACADEMY
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Net cash used in operating activities	19	(97)	(251)
Cash flows from investing activities	20	(97)	94
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(194)	(157)
Cash and cash equivalents at the beginning of the year		1,158	1,315
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	21	<u>964</u>	<u>1,158</u>

The notes on pages 27 to 49 form part of these financial statements

ALCESTER ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

Alcester Academy ("the academy") is a private company limited by guarantee and incorporated in England. The registered address of the academy is Alcester Academy, Gerard Road, Alcester, Warwickshire, B49 6QQ.

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

1.1 Basis of preparation of financial statements

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

The financial statements are prepared in Sterling, which is the functional currency of the Academy. Monetary amounts in these financial statements are rounded to the nearest £'000.

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

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

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

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the Balance sheet in the restricted fixed asset fund.

ALCESTER ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.3 Income (continued)

- **Donations**

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

- **Other income**

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

1.4 Expenditure

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 Taxation

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

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

ALCESTER ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.7 Tangible fixed assets

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

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

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

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

Depreciation is provided on the following bases:

Leasehold Land	- Life of lease (12 years) - Straight line
Freehold Buildings	- Remaining useful economic life - Straight line
Furniture and equipment	- 20% Straight line
Computer equipment	- 20% Straight line

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

1.8 Debtors

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

1.9 Cash at bank and in hand

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

1.10 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 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.

ALCESTER ACADEMY
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.11 Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.12 Operating leases

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

1.13 Pensions

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

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

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

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

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1. Accounting policies (continued)

1.14 Fund accounting

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

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

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

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

2. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 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.

Critical areas of judgment:

The Trustees have elected to use the valuation of land and buildings which took place on conversion to an academy as the deemed cost under FRS102.

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3. Income from donations and capital grants

	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
Donations	4	-	4	1
Capital Grants	-	13	13	230
	<u>4</u>	<u>13</u>	<u>17</u>	<u>231</u>
<i>Total 2019</i>	<u>1</u>	<u>230</u>	<u>231</u>	

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4. Funding for the Academy's academy's educational operations

	Restricted funds 2020 £000	Total funds 2020 £000	<i>Total funds 2019 £000</i>
DfE/ESFA grants			
General Annual Grant (GAG)	2,708	2,708	2,431
Other DfE/EFA Grants	305	305	164
	<u>3,013</u>	<u>3,013</u>	<u>2,595</u>
Other government grants			
Local Authority Grants	76	76	76
Other Grants	29	29	14
	<u>105</u>	<u>105</u>	<u>90</u>
Other income			
Educational visits	84	84	177
Other income	27	27	36
	<u>111</u>	<u>111</u>	<u>213</u>
Exceptional government funding			
Coronavirus exceptional support	41	41	-
	<u>41</u>	<u>41</u>	<u>-</u>
Total 2020	<u><u>3,270</u></u>	<u><u>3,270</u></u>	<u><u>2,898</u></u>
<i>Total 2019</i>	<u><u>2,898</u></u>	<u><u>2,898</u></u>	

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 £41k of premises and other costs. These costs are included in notes 7 and 9 below as appropriate.

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5. Investment income

	Unrestricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Bank interest	3	3	5
	<u>3</u>	<u>3</u>	<u>5</u>

6. Other incoming resources

	Unrestricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Hire of facilities	2	2	3
	<u>2</u>	<u>2</u>	<u>3</u>

7. Expenditure

	Staff Costs 2020 £000	Premises 2020 £000	Other 2020 £000	Total 2020 £000	Total 2019 £000
Academy's educational operations:					
Direct costs	2,364	-	226	2,590	2,519
Allocated support costs	293	750	267	1,310	1,322
	<u>2,657</u>	<u>750</u>	<u>493</u>	<u>3,900</u>	<u>3,841</u>
<i>Total 2019</i>	<u>2,457</u>	<u>814</u>	<u>570</u>	<u>3,841</u>	

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**NOTES TO THE FINANCIAL STATEMENTS
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8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £000	Support costs 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Academy's educational operations	2,590	1,310	3,900	3,841
<i>Total 2019</i>	<i>2,519</i>	<i>1,322</i>	<i>3,841</i>	

Analysis of support costs

	Academy's educational operations 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Staff costs	293	293	263
Depreciation	508	508	553
Recruitment	14	14	12
Maintenance of premises and equipment	63	63	62
Maintenance of grounds	11	11	9
Utilities	69	69	79
Rates	18	18	18
Cleaning and caretaking	81	81	92
ICT	74	74	66
Insurance	34	34	32
Advertising	-	-	2
Other support costs	89	89	89
Legal and professional	29	29	19
Audit	9	9	9
Accountancy	18	18	10
Training and cover	-	-	7
	1,310	1,310	1,322

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NOTES TO THE FINANCIAL STATEMENTS
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9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020	2019
	£000	£000
Operating lease rentals	17	15
Depreciation of tangible fixed assets	511	559
Fees paid to auditors for:		
- audit	7	7
- other services	2	2
	<u> </u>	<u> </u>

10. Staff costs

a. Staff costs

Staff costs during the year were as follows:

	2020	2019
	£000	£000
Wages and salaries	1,953	1,880
Social security costs	184	186
Pension costs	511	391
	<u>2,648</u>	<u>2,457</u>
Staff restructuring costs	9	-
	<u>2,657</u>	<u>2,457</u>

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

Included in staff restructuring costs is an individual non-statutory/non-contractual severance payment of £8,500 (2019: £nil).

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NOTES TO THE FINANCIAL STATEMENTS
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10. Staff costs (continued)

c. Staff numbers

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

	2020 No.	<i>2019</i> <i>No.</i>
Teaching	33	<i>31</i>
Administration & Support	34	<i>34</i>
Management	3	<i>3</i>
	<hr/> 70 <hr/>	<hr/> <i>68</i> <hr/>

d. Higher paid staff

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

	2020 No.	<i>2019</i> <i>No.</i>
In the band £60,001 - £70,000	-	<i>1</i>
In the band £70,001 - £80,000	1	<i>-</i>
In the band £80,001 - £90,000	-	<i>1</i>
	<hr/> <hr/>	<hr/> <hr/>

e. Key management personnel

The key management personnel of the academy trust comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £238,000 (2019: £267,000).

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**NOTES TO THE FINANCIAL STATEMENTS
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11. Trustees' remuneration and expenses

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

		2020	2019
		£000	£000
Mr Paul Hyde, Head Teacher (resigned 1 September 2019)	Remuneration		85 - 90
	Pension contributions paid		10 - 15
Miss K Buckthorp	Remuneration	55 - 60	50 - 55
	Pension contributions paid	10 - 15	5 - 10
Ms K Evason	Remuneration	25 - 30	20 - 25
	Pension contributions paid	5 - 10	5 - 10
Mrs S Mellors, Head Teacher (appointed 25 November 2019)	Remuneration	55 - 60	
	Pension contributions paid	10 - 15	

During the year ended 31 August 2020, no Trustee expenses have been incurred (2019 - £202 to 2 Trustees).

12. Trustees' and Officers' insurance

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

13. Other finance cost

	2020	2019
	£000	£000
Interest income on pension scheme assets	36	49
Interest on pension scheme liabilities	(63)	(77)
	<u>(27)</u>	<u>(28)</u>

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14. Tangible fixed assets

	Land and buildings £000	Furniture and equipment £000	Computer equipment £000	Assets under construction £000	Total £000
Cost					
At 1 September 2019	7,520	2,358	58	140	10,076
Additions	-	18	-	95	113
Transfers between classes	-	235	-	(235)	-
At 31 August 2020	7,520	2,611	58	-	10,189
Depreciation					
At 1 September 2019	2,089	889	55	-	3,033
Charge for the year	264	244	3	-	511
At 31 August 2020	2,353	1,133	58	-	3,544
Net book value					
At 31 August 2020	5,167	1,478	-	-	6,645
At 31 August 2019	5,431	1,469	3	140	7,043

15. Debtors

	2020 £000	2019 £000
Due within one year		
Trade debtors	2	2
Prepayments and accrued income	79	157
VAT recoverable	37	56
	118	215

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NOTES TO THE FINANCIAL STATEMENTS
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16. Creditors: Amounts falling due within one year

	2020	2019
	£000	£000
Trade creditors	49	185
Other taxation and social security	47	48
Other creditors	29	36
Accruals and deferred income	104	138
	<u>229</u>	<u>407</u>
	<u>229</u>	<u>407</u>
	2020	2019
	£000	£000
Deferred income at 1 September 2019	100	122
Amounts released from previous periods	(97)	(122)
Resources deferred during the year	77	100
	<u>80</u>	<u>100</u>
	<u>80</u>	<u>100</u>

Deferred income at 31 August 2020 relates to funding in advance of £11,000 (2019 - £11,000), school trip income £67,000 (2019 - £59,000) and other items of £2,000 (2019 - £30,000).

Included in other creditors is £29,000 (2019 - £36,000) relating to Salix loans.

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

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
General Funds	47	5	-	-	-	52
Restricted general funds						
General Annual Grant (GAG)	786	3,013	(3,020)	(1)	-	778
Other government grants - SEN	-	105	(105)	-	-	-
Other	34	156	(167)	-	-	23
Pension reserve	(1,468)	-	(97)	-	(370)	(1,935)
	<u>(648)</u>	<u>3,274</u>	<u>(3,389)</u>	<u>(1)</u>	<u>(370)</u>	<u>(1,134)</u>
Restricted fixed asset funds						
Capital grant	1,807	13	(231)	1	-	1,590
Assets transferred on conversion	5,335	-	(280)	-	-	5,055
	<u>7,142</u>	<u>13</u>	<u>(511)</u>	<u>1</u>	<u>-</u>	<u>6,645</u>
Total Restricted funds	<u>6,494</u>	<u>3,287</u>	<u>(3,900)</u>	<u>-</u>	<u>(370)</u>	<u>5,511</u>
Total funds	<u>6,541</u>	<u>3,292</u>	<u>(3,900)</u>	<u>-</u>	<u>(370)</u>	<u>5,563</u>

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

The restricted fund includes grant receivable from the ESFA, other grants, other income, amounts transferred from the predecessor school and the pension reserve, all funds to be used for the educational activities of the academy.

The restricted fixed asset fund includes amounts receivable from the ESFA, and fixed assets transferred from the predecessor school in respect of tangible fixed assets held for the academy use. Depreciation is charged against this fund together with fixed asset purchases and certain maintenance and replacement costs.

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Statement of funds (continued)

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

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

	<i>Balance at 1 September 2018 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2019 £000</i>
Unrestricted funds					
General Funds	39	8	-	-	47
Restricted general funds					
General Annual Grant (GAG)	1,079	2,595	(2,888)	-	786
Other government grants - SEN	-	93	(93)	-	-
Other	24	211	(201)	-	34
Pension reserve	(967)	-	(100)	(401)	(1,468)
	136	2,899	(3,282)	(401)	(648)
Restricted fixed asset funds					
Capital Grant	1,808	230	(231)	-	1,807
Assets transferred on conversion	5,663	-	(328)	-	5,335
	7,471	230	(559)	-	7,142
Total Restricted funds	7,607	3,129	(3,841)	(401)	6,494
Total funds	7,646	3,137	(3,841)	(401)	6,541

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	6,645	6,645
Current assets	52	1,030	-	1,082
Creditors due within one year	-	(229)	-	(229)
Pension liability	-	(1,935)	-	(1,935)
Total	52	(1,134)	6,645	5,563

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	7,043	7,043
Current assets	47	1,227	99	1,373
Creditors due within one year	-	(407)	-	(407)
Pension liability	-	(1,468)	-	(1,468)
Total	47	(648)	7,142	6,541

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Reconciliation of net expenditure to net cash flow from operating activities

	2020	2019
	£000	£000
Net expenditure for the period (as per Statement of financial activities)	(608)	(704)
Adjustments for:		
Depreciation	511	559
Capital grants from DfE and other capital income	(13)	(230)
Interest	(3)	(5)
Defined benefit pension scheme cost less contributions payable	70	71
Defined benefit pension scheme finance cost	27	28
Decrease/(Increase) in debtors	97	(115)
Increase/(Decrease) in creditors	(178)	145
Net cash used in operating activities	(97)	(251)

20. Cash flows from investing activities

	2020	2019
	£000	£000
Interest	3	5
Purchase of tangible fixed assets	(113)	(141)
Capital grants from DfE/ESFA	13	230
Net cash (used in)/provided by investing activities	(97)	94

21. Analysis of cash and cash equivalents

	2020	2019
	£000	£000
Cash in hand	964	1,158
Total cash and cash equivalents	964	1,158

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NOTES TO THE FINANCIAL STATEMENTS
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22. Capital commitments

	2020	2019
	£000	£000
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	-	114
	<u> </u>	<u> </u>

23. Pension commitments

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

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

Teachers' Pension Scheme

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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23. Pension commitments (continued)

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% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £118,100 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%

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

The employer's pension costs paid to TPS in the year amounted to £314,385 (2019 - £215,282).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £130,000 (2019 - £141,000), of which employer's contributions totalled £104,000 (2019 - £114,000) and employees' contributions totalled £ 26,000 (2019 - £27,000). The agreed contribution rates for future years are 21.2 per cent for employers and 5.5 to 9.9 per cent for employees.

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

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23. Pension commitments (continued)

Principal actuarial assumptions

	2020 %	2019 %
Rate of increase in salaries	3.9	2.9
Rate of increase for pensions in payment/inflation	1.7	1.8
Commutation of pensions to lump sums	50.00	50.00

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

	2020 Years	2019 Years
<i>Retiring today</i>		
Males	21.6	21.4
Females	23.8	23.6
<i>Retiring in 20 years</i>		
Males	22.5	22.4
Females	25.4	25.0

Sensitivity analysis

	2020 £000	2019 £000
Discount -0.5%	429	406
Salary increase rate +0.5%	53	70
Pension increase rate +0.5%	368	327

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

	At 31 August 2020 £000	At 31 August 2019 £000
Equities	1,195	1,180
Corporate bonds	498	503
Property	259	232
Cash and other liquid assets	40	19
Total market value of assets	1,992	1,934

The actual return on scheme assets decreased assets by £37,000 (2019 - increased by £109,000).

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23. Pension commitments (continued)

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

	2020	2019
	£000	£000
Current service cost	(174)	(162)
Past service cost	-	(24)
Interest income	36	49
Interest cost	(63)	(77)
Total amount recognised in the Statement of financial activities	(201)	(214)

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

	2020	2019
	£000	£000
At 1 September	3,402	2,678
Current service cost	174	162
Interest cost	63	77
Employee contributions	26	27
Actuarial losses	297	461
Benefits paid	(35)	(27)
Past service costs	-	24
At 31 August	3,927	3,402

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

	2020	2019
	£000	£000
At 1 September	1,934	1,711
Expected return on assets	36	49
Actuarial (losses)/gains	(73)	60
Employer contributions	104	114
Employee contributions	26	27
Benefits paid	(35)	(27)
At 31 August	1,992	1,934

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24. Operating lease commitments

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

	2020 £000	2019 £000
Not later than 1 year	27	17
Later than 1 year and not later than 5 years	44	33
	<u>71</u>	<u>50</u>

25. Members' liability

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

26. Related party transactions

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

During the year the son of Trustee K Evason was employed as a teacher, the total costs of employment were £44,430 (2019 - £35,286).