

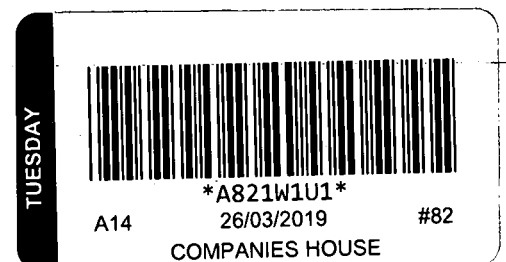
COMPANY REGISTRATION NUMBER: 08047328

(England and Wales)

**GILSLAND CHURCH OF ENGLAND  
PRIMARY SCHOOL  
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**Year Ended 31<sup>st</sup> August 2018**



# **GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL**

## **FINANCIAL STATEMENTS YEAR ENDED 31<sup>st</sup> AUGUST 2018**

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# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## REFERENCE AND ADMINISTRATIVE DETAILS

### Members

L Winter, Head Teacher  
J A Armstrong  
C Mitchell (appointed 14-11-17)  
S Goodliffe – Diocesan representative of finance  
C Kearns (appointed 10-10-17)  
M Mills, The Diocesan Director of Education, representing the Diocesan Board of Finance (appointed 14-11-17)  
S Fraser (resigned 5-9-17)  
C Hawkins (resigned 5-9-17)  
Carlisle Diocesan Board of Finance Limited (resigned 5-9-17)  
The Right Reverend James Newcome, The Bishop of Carlisle (appointed 14-11-17)

### Trustees'

N Kirkby  
L Winter – Ex officio – Accounting Officer \*\*  
H Richardson \*\*  
A Keen  
C Kearns – Chairman from 22-05-18 (appointed 10-10-17) \*\*  
L Rooney – Vice Chairman from 14-11-17 to (appointed 10-10-17)  
H Kirkby (resigned 4-9-18)  
S Birchall (appointed 14-10-18) – Acting Accounting Officer (1-1-19)  
C Mitchell – Chairman from 14-11-17 to 9-5-18 (appointed 10-10-17 and resigned 9-5-18)  
L A Potter (appointed 6-11-17 and resigned 1-5-18)  
C Hawkins (resigned 5-9-17)  
B Barwick (resigned 5-9-17)  
A Higgs (resigned 5-9-17)  
E Mitchell (resigned 5-9-17)  
H Salkeld (resigned 5-9-17)  
Reverend R Allon-Smith (resigned 5-9-17)  
M Bell (resigned 5-9-17)  
C Cunningham (appointed 1-3-19)

\*\*Members of Finance Committee

### Senior Management Team

Head Teacher - L Winter  
Executive Head Teacher - C Cunningham (appointed 1-3-19)

### Company Name

Gilsland Church of England Primary School

### Principal and registered office

Gilsland  
Brampton  
Cumbria  
CA8 7AA

### Company registration number

08047328 (England and Wales)

# **GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL**

## **Independent Auditors**

Saint & Co Chartered Accountants & Statutory Auditors  
Sterling House  
Wavell Drive  
Rosehill  
Carlisle  
Cumbria  
CA1 2SA

## **Bankers**

Cumberland Building Society  
19 Front Street  
Brampton  
Cumbria  
CA8 1NG

HSBC  
29-31 English Street  
Carlisle  
Cumbria  
CA3 8JW

## **Solicitors**

Womble Bond Dickinson LLP  
One Trinity  
Broad Chare  
Newcastle upon Tyne  
NE1 2HF

# **GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL**

## **TRUSTEES' REPORT**

The trustees' present their annual report together with the financial statements and auditors' report of the charitable company for the period 1<sup>st</sup> September 2017 to 31 August 2018. 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 4 to 11 serving a catchment area around Gilsland. It had a roll of 35 on the school census in January 2018.

## **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 act as the governors for the charitable activities of Gilsland Church of England Primary School Academy Trust Limited and are also directors of the charitable company for the purpose of company law. The charitable company is known as Gilsland Church of England Primary School.

Details of the trustees' who served during the year and to the date these accounts are approved are included in the Reference and Administrative Details on page 2.

### **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 trustees of the Academy are covered by indemnity insurance paid for by the trust. The insurance provides unlimited cover.

### **Method of Recruitment and Appointment or Election of Trustees'**

The Trustees' term of office is four years but they are eligible for re-election at the meeting at which they retire.

During the period under review the Trustees' held six full meetings.

The 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 core activities of Trustees' are:

- Monitor the quality of the school performance
- Monitor the school's finances
- Hold the school to account in order to provide best value

New Trustees' are appointed as follows:

- The Staff Governors are appointed by vote of the Trustees
- Parent Governors are appointed by vote of the Trustees
- The Head Teacher is also a Trustee.

### **Policies and Procedures Adopted for the Induction and Training of Trustees**

New Trustees are welcomed to their first full Governing Body meeting, they are introduced to all Trustees and given a copy of the school prospectus. All new Trustees are given an introductory tour of the school and meeting with the Head Teacher. New Trustees are given a welcome pack explaining their role and provided with details of various websites that are accessible. Existing Trustees attend training courses where appropriate.

# **GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL**

## **Organisational Structures**

The management structure consists of two levels: The Trustees and the Senior Management Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The Trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy by the use of budgets and making major decisions about the direction of the Academy, capital expenditure and senior staff appointment. The Senior Management Team is comprised of the Head Teacher. The Senior Management Team control the Academy at a day to day level, implementing the policies laid down by the Trustees and reporting back to them.

## **Arrangements for setting pay and remuneration of key management personnel**

The trust has adopted the Local Authority recommended pay policy and appraisal policy. This follows the guidance set out in the Teachers' Pay and Conditions document. Salary progression is linked to staff meeting all appraisal objectives.

## **Related Parties and other Connected Charities and Organisations**

The trust does not have any related parties or connections with other charities and organisations.

## **Risk Management**

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to specific teaching, provision of facilities and other operational areas of the Academy and its finances. The Trustees are satisfied that systems and procedures are in place to mitigate the exposure to major risks.

The Trustees have overall responsibility for ensuring that the Academy has an effective and appropriate system of control, financial and otherwise. They are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Academy and enable them to ensure the financial statements comply with the Companies Act. The Trustees also acknowledge responsibility for safeguarding the assets of the Academy and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- The Academy is operating efficiently and effectively,
- Its assets are safeguarded against unauthorised use or dispositions;
- The proper records are maintained and financial information used within the Academy or for publication is reliable;
- The Academy complies with relevant laws and regulations.

## **Objectives and Activities**

### **Objects and Aims**

The principal objective and activity of the charitable company is the operation of Gilsland Church of England Primary School, to provide education for pupils aged 4 to 11.

In accordance with the Funding Agreement made under section 1 of the Academies Act 2010, between the Secretary of State for Education and the Academy Trust, the Academy is governed by a board of trustees which exercises the powers and functions with a view to fulfilling a largely strategic role in the running of the school. The curriculum, in substance, complies with statutory requirements.

### **Objectives, Strategies and Activities**

The main objectives of the Academy is to maintain a non-fee paying primary school with a designated Church of England religious character, offering a broad curriculum for the public benefit conducted in accordance with principles, practices and tenets of the Church of England, both generally and in particular in relation to arranging for religious education and daily acts of worship and in having regard to the advice of the Diocesan Board of Education, and in providing education for students of different abilities at the heart of the community in Gilsland. The Trustees confirm

# **GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL**

they have referred to the guidance obtained in the Charity Commission's general guidance on public benefit when reviewing the Academy's aim and objectives.

Our aims are:

- To provide a broad, balanced curriculum conducted in accordance with the Church of England principles and practices which provides rich and appropriate experiences and opportunities to develop each child to encourage high achievement and promote excellence for all.
- To provide a safe, internal and external school environment in which children can develop a healthy lifestyle and learn to stay safe.
- To develop and extend positive learning partnerships between school, home and community.
- To provide high quality teaching and support in all aspects of learning and to make learning fun, giving our children the confidence to succeed.
- To have high expectations for achievement of our children enabling them to have positive attitudes towards their work, developing enquiring minds and becoming life-long learners.
- To provide quality of opportunity for all.
- To create a welcoming, caring, positive learning environment to enable both the children and the staff to feel valued and respected.

We have continued to progress and achieved many of our aims and objectives for the period, which were supported by all staff and parents.

Our objectives have continued to focus on all aspects of achievement and standards of attainment across the curriculum, progress, and the health and wellbeing of both pupils and staff. It also focuses on our premises, resources, and finances whilst ensuring value for money.

During the year we have achieved many of our aims:

- We have improved the safeguarding of our children, through the new entrance and security into the school building

## **Equal opportunities policy**

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

## **Public Benefit**

In setting our objectives and planning our activities the trustees have complied with the Charity Commission's general guidance on public benefit. Pupils are admitted in accordance with the admissions policy agreed with the Department for Education (DfE). Children are admitted from a range of backgrounds. The school has a rich curriculum which aims to deliver good academic progress with a range of activities and experiences, offering pupils a chance to demonstrate their abilities and potential.

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## Achievements and Performance

EYFS GLD: 58% (2017: 60%)

Phonics screening: 60% (2017: 67%)

### KS1

- o Reading 100% (2017: 100%)
- o Maths 100% (2017: 67%)
- o Grammar 100% (2017: 100%)
- o Writing 100% (2017: 100%)
- o Reading / Writing / Maths 100% (2017: 100%)

### KS2 SAT's

- o Reading 33% (2017: 43%)
- o SPAG 67% (2017: 14%)
- o Maths 33% (2017: 0%)
- o Writing 100% (2017: 29%)
- o Reading / Writing / Maths 33% (2017: 0%)

## Going Concern

The board of trustees' has concerns that the academy trust does not have adequate resources to continue in operational existence. Discussions have been ongoing with the ESFA and assurances have been received from the ESFA, that despite being served a Financial Notice to Improve the ESFA will support the academy trust so that it is able to continue in operational existence for the foreseeable future. The board of trustees' see that the best possible future for the academy is for the academy to be transferred into a Multi-Academy Trust and various efforts have been made to start this process.

The academy continues to adopt the going concern basis in preparing their financial statements as it assumes assets will be transferred into a Multi-Academy Trust at the values stated in the accounts.

## Financial Review

### Financial Review for the year

Most of the academy's income is obtained from the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2018 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

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

During the year ended 31 August 2018, the excess of expenditure over income on the restricted funds for the period was a £62,022 (excluding the pension deficit transferred and the pension fund movement). This has led to a GAG deficit.

During the year ended 31 August 2018, the excess of income over expenditure on the unrestricted fund for the period was £1,534. This amount was transferred to reduce the GAG deficit which leaves nil Unrestricted funds to carry forward.



# **GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL**

At 31 August 2018 the net book value of fixed assets was £725,767 as shown in note 10 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academy.

## **Financial and Risk Management Objectives and Policies**

As an academy funded directly by the Department for Education, funding streams are considered to be reasonably safe and secure. The risk mainly arises from changes in Government policy and funding levels and fluctuations in pupil numbers, especially if the roll falls.

The academy's non-teaching staff are entitled to membership of the Local Government Pension Scheme. The academy's share of the scheme's assets is currently assessed to be less than its liabilities in the scheme, and consequently the academy balance sheet shows a net liability of £68,000. The employer contributions were reassessed in 2016 and has identified a £4,500 deficit recovery over 3 years, to date £1,500 has been repaid leaving a balance of £3,000 to repay by the 31<sup>st</sup> March 2020.

## **Principal Risks and Uncertainties**

Gilsland Church of England Primary School currently has 35 pupils on roll, the key risk to the school are:

- Fluctuations in pupil numbers, and the impact this has on funding.
- Uncertainty around the funding of primary education, the trustees regularly review budget position through management reporting to be able to react to fluctuations in funding as they occur.
- We continue to engage with the community and enhance communications through our local networks.
- Expenditure continues to exceed income which depletes the academy's reserves.
- Sufficient reserves aren't available to allow the academy to function.
- The impact that the Financial Notice to Improve will have on the academy's ability to join a suitable MAT.

## **Reserves Policy**

The academy's 'free reserves' are its funds after excluding restricted funds. "Free reserves" are therefore the resources the academy has or can make available to spend for any or all of the academy's purposes once it has met its commitments and covered its other planned expenditure. More specifically 'free reserves' represent funds that are not yet spent, committed or designated.

The academy currently has no 'free reserves' as the GAG is in deficit and all other reserves (excluding restricted fixed asset) have been reduced to nil.

Demands on the academy's restricted general reserves will vary over the coming years. The trustees do not have a formal reserves policy. Any reserves, which have been accumulated in line with best practice, are to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance.

The academy's current level of restricted general reserves is a deficit of £4,775.

## **Investment Policy**

The trustees hold six bank accounts, many of which are historical accounts and only one is used as the main school account.

## **Fundraising**

Fundraising is carried out by the school and the governors have recently formed a fundraising group to try and identify ways to raise additional income for the school.

# **GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL**

## **Plans for Future Periods**

It should be noted that many of the AFH breaches documented in these audited accounts have already been addressed and rectified at the time of publication.

The school continues to be the subject of a Financial Notice to Improve. Significant work is underway to return to a state of normal operation. We are being well supported by the ESFA, the Diocese of Carlisle and the Good Shepherd Multi Academy Trust.

Management accounts will continue to be shared with the Governing Body each month.

A live budget, recovery plan and cashflow forecast are now available to staff and governors. These documents will be adjusted as required and communicated to the ESFA regularly.

The invoicing of utilities to the attached, independently operated nursery has been communicated and will continue going forward.

An Audit Committee has been established and will commence work in the Spring term 19/20.

A risk register has been produced and submitted to the ESFA. This will remain a live document.

We continue to aspire to join the Good Shepherd Multi Academy Trust. We continue to receive excellent support from them and have started a process of aligning our policies and procedures with theirs so that when the transition comes the costs and time required will be minimal.

A School Finance Handbook is being produced based on that used by the Good Shepherd. This formalises as standard operating procedure many of the processes previously found wanting such as procurement.

A fundraising group is planned which will involve the whole community and not just parents and teachers.

We continue to use the services of Education Leaders to address the recent Ofsted inspection report. This includes support from Cumbria County Council, as well as the above-named organisations.

Better use of sports funding money will allow for a significant investment in outdoor provision for children.

We will continue to communicate and liaise with the community and parents to ensure the good support we have is maintained.

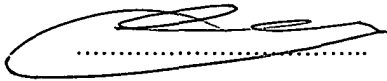
# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## Statement as to Disclosure of Information to Auditors

Insofar as the trustees are aware there is no relevant audit information of which the charitable company's auditor is unaware.

However the trustees have not been able to take 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, due to the lack of financial information which has flowed between the bookkeeper and the board of trustees. This has limited the board's oversight and ability to confirm items requested by the auditors.

The Trustees report, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 20 March 2019 and signed on their behalf by:



C Kearns

Chair of Trustee



C Cunningham

Accounting Officer

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## GOVERNANCE STATEMENT

### Scope of Responsibility

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

The board of trustees had delegated the day-to-day responsibility to Mrs L Winter, 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 Gilsland Church of England Primary School 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 six times during the year to 31 August 2018. Attendance during this period at meetings of the board of trustees was as follows:

Trustee	Meetings Attended	Out of a possible
N Kirkby	6	6
L Winter – Ex officio – Accounting Officer **	5	6
H Richardson **	6	6
A Keen	6	6
C Kearns – Chairman from 9-5-18 (appointed 10-10-17) **	4	5
L Rooney – Vice Chairman from 14-11-17 (appointed 10-10-17)	4	5
H Kirkby (resigned 4-9-18)	5	6
S Birchall (appointed 14-10-18) – Acting Accounting Officer	0	0
C Mitchell – Chairman from 14-11-17 to 9-5-18 (appointed 10-10-17 and resigned 9-5-18)	3	3
L A Potter (appointed 6-11-17 and resigned 22-5-18)	3	4
C Hawkins (resigned 5-9-17)	0	0
B Barwick (resigned 19-9-17)	1	1
A Higgs (resigned 5-9-17)	0	0
E Mitchell (resigned 5-9-17)	0	0
H Salkeld (resigned 19-9-17)	1	1
Reverend R Allon-Smith (resigned 5-9-17)	0	0
M Bell (resigned 5-9-17)	0	0

### Governance Review

The review of governance in the academic year 2017/18 consisted of the board of trustee's completing governor skills matrices to identify the current skills of the governors and any gaps which could be addressed as vacancies arise.

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

The **Finance Committee** is a sub-committee of the main board of trustees. Its purpose is to:

- Oversee the implementation of the school's policy for financial delegation;
- Agree objectives for the Head Teachers Performance Review with the Head teacher and external Advisor;
- Monitor the Head teachers progress towards these objectives;
- Determine the Head teachers' remuneration;
- Determine the pay of all teaching and non-teaching staff annually and inform them of their decision;
- Prepare and recommend the budget plan to the governing body' including the delegation of budget responsibilities;
- Ensure all financial returns are produced and reviewed;
- Award contracts by tender up to a specific limit (as set out in the financial delegation policy).

Attendance at meetings in the year was as follows:

Trustee	Meetings Attended	Out of a possible
L Winter – Ex officio – Accounting Officer	2	2
H Richardson	2	2
C Kearns – Chairman from 9-5-18 (appointed 10-10-17)	1	2

## **Review of Value for Money**

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

The accounting officer considers how the academy trust's use of its resources has provided good value for money during the academic year, and reports to the governing body 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 during the year by:

- Always undertaking the principles of best value when purchasing goods and services.
- Reviewing the photocopier contract

The school Finance Committee will hold regular finance meetings to monitor the budget and discuss problem areas and strategies on how to deal with any particular situation that may arise. The full Governing Body will be kept informed through financial reports tabled at Governors meetings.

## **Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives. It can therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Gilsland Church of England Primary School for the year to 31st August 2018 and up to the date of approval of the annual report and financial statements. However following the ESFA visit in November 2018 the board of trustees' has determined that the current system of internal controls is not sufficient and improvements will be addressed immediately so that the academy is able to comply with ESFA guidance in 2018/19.

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## **Capacity to Handle Risk**

The board of trustees has considered the key risks to which the academy trust is exposed, however a formal risk register was not maintained. The board of trustees will attend to this in the next financial year to allow evaluation and management of risk, as this was advised as best practice by the ESFA.

## **The Risk and Control Framework**

The academy trust's system of internal 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. However such controls were not achieved during the year as the board of trustees were not provided with regular management information (that was deemed fit for purpose by the ESFA).

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor.

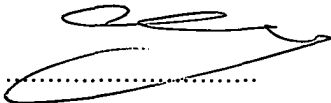
## **Review of Effectiveness**

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

- The Previous Auditors

The accounting officer has been advised of the implications of the results of their review of the system of internal control to ensure continuous improvements of the system is in place.

Approved by order of the members of the governing body on 20 March 2019 and signed on behalf by:



C Keams

Chair of Trustees



C Cunningham

Accounting Officer

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

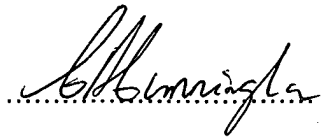
## STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

It had not been possible for the academy trust board of trustees to identify any material irregularity or improper use of all funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2017. This was highlighted by the ESFA inspection in November 2018 and the subsequent Financial Notice to Improve.

As stated above the board of trustees were notified by the ESFA that several instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

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

I confirm that there are no instances of material irregularity, impropriety or funding non-compliance in addition to those already identified by the ESFA.



C Cunningham

Accounting Officer

.....20/3/..... 2019

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who act as governors of Gilsland Church of England Primary School and are also the directors of the Charitable Company for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with the Annual Accounts Requirements issued 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 Governors are required to:


- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018
- Make judgements 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 records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the governing body on .....*20 MARCH*..... 2019 and signed on behalf by:



Mr C Kearns

Director and Chair of Governors



# **GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL**

## **INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL**

### **Qualified Opinion**

We have audited the financial statements of Gilsland Church of England Primary School for the year ended 31 August 2018 which comprise the Statement of Financial Activities (including income and expenditure account), the Statement of Financial Position, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

### **Basis for qualified opinion**

The academy has been subject to many failings (as detailed in the ESFA inspection report) and frequent changes in accounting officer and the finance team. We were unable to obtain sufficient appropriate audit evidence about certain streams of income, obtain a sufficiently robust audit trail or obtain sufficient responses to our queries because management were unclear how transactions were being undertaken by the academy and what had occurred prior to them taking up their posts.

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

### **Material uncertainty related to going concern**

We draw attention to note 15 in the financial statements, which indicates that the academy has no free reserves and a GAG deficit. Furthermore the academy is experiencing cash flow issues and is heavily reliant on the support of the ESFA. As stated in note 23, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

# **GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL**

## **INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL (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 auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records have been kept.

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

- the financial statements are not in agreement with the accounting records and the returns; or
- certain disclosures of trustees' remuneration specified by law are not made.

# **GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL**

## **INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL (continued)**

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees Responsibilities (set out on page 14), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Our responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

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

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**Mr Stuart Farrer (Senior Statutory Auditor)**

For and on behalf of  
Saint & Co  
Chartered Accountants & Statutory Auditors  
Sterling House, Wavell Drive, Carlisle, Cumbria, CA1 2SA

# **GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 23 August 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Gilsland Church of England Primary School during the period 01 September 2017 to 31 August 2018 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

### **Respective responsibilities of Gilsland Church of England Primary School's Accounting Officer and the Reporting Accountant**

The accounting officer is responsible, under the requirements of Gilsland Church of England Primary School's funding agreement with the Secretary of State for Education dated 30 November 2012 and the Academies Financial Handbook, extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 01 September 2017 to 31 August 2018 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 2017 to 2018 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusion includes:

- having a general awareness of regularity and propriety whilst conducting the statutory audit function;
- reviewing borrowing agreements, including leases, to ensure they have been made in accordance with the Handbook;
- reviewing the minutes of the meeting of the main committees during the year;
- reviewing expenditure to check that it was not ultra vires to the charitable objectives;
- obtaining trustee / governor's declaration of interests.

# **GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

### **Conclusion**

Other than those matters listed below, in the course of our work nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 01 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

### **Matters arising:**

The ESFA have issued a report which highlights the following current breaches as well as 9 historic breaches;

- There academy does not have the required number of members.
- Management accounts are not being produced/shared with trustees on a regular basis therefore the governing body are unable to discuss and challenge them.
- The Chair is not being provided with management account monthly.
- The trust does not currently have an asset register to ensure assets are safeguarded.
- There is currently no contract register in place.
- Dear Accounting Officer letters are not currently provided to trustees and there is no evidence that they have been discussed by the full Governing Body.
- The voting in of a Chair procedures were not correctly carried out.
- The trust currently do not have any employees with a working knowledge of it finance system.
- The appointment of the Accounting Officer as a member did not have the written consent of the Diocese of Carlisle.
- Paying for another trust's due diligence does not represents VFM for the trust.
- The 17/18 budget had not been formally approved by the Governing Body.
- The nursery has been subsidised from trust funds.
- The appointment of new auditors, was not made by the trust's members.
- There has been no RO function throughout the year and currently there are no alternative arrangements in place for the internal audit service.
- The trust's financial regulations are significantly out of date and key members of the trust who are responsible for the financial management and governance of the trust were not aware of them.
- The trust currently doesn't have an audit committee or another committee which acts as an audit committee.
- The Trust does not currently have a business continuity plan in place.
- The trust does not currently have a trustee approved whistle blowing policy in place.
- The current procurement procedures are not clear, with significant amount of purchases being made on-line without prior approval.
- There are no significant controls in place over the payroll system.
- The trust's records on Get Information About Schools (GIAS) do not agree to the draft 17/18 financial statements or the information recorded on Companies House.
- The trust's website address at GIAS is incorrect.
- The trust's records at Companies House do not agree to those contained within the trust 17/18 financial statements.
- The trust's websites does not contain the remit or terms of reference for its sub-committees.
- The trustees have failed to have a detailed understanding of its financial performance. This has resulted in the failure of the trust to take remedial action in a timely enough manner to prevent the trust from having a significant in-year deficit in 17/18.

Additionally the academy was unable to let us have sight of several purchase invoices requested so we were unable to confirm these purchases were not Ultra Vires.

# **GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL AND THE EDUCATION FUNDING AGENCY (continued)**

### **Use of our report**

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

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**Mr Stuart Farrer (Senior Statutory Auditor)**

For and on behalf of  
Saint & Co  
Chartered Accountants & Statutory Auditors  
Sterling House, Wavell Drive, Carlisle, Cumbria, CA1 2SA

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 AUGUST 2018

	Note	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total 2018 £	Restated 2017 £
<b>Income and endowments from:</b>						
Donations and Capital Grants	3	559	-	4,416	4,975	6,439
Charitable Activities						
Funding for the academy trusts educational operations	4	-	270,640	-	270,640	289,594
Other trading activities	5	7,809	-	-	7,809	22,438
Investments	6	113	-	-	113	553
<b>Total Incoming Resources</b>		<u>8,481</u>	<u>270,640</u>	<u>4,416</u>	<u>283,537</u>	<u>319,024</u>
<b>Expenditure on:</b>						
Raising Funds	7	6,947	-	-	6,947	10,580
Charitable Activities						
Academy trust educational operations	7,8	-	344,662	19,034	363,696	312,451
<b>Total Expenditure</b>		<u>6,947</u>	<u>344,662</u>	<u>19,034</u>	<u>370,643</u>	<u>323,031</u>
<b>Net Income / (Expenditure)</b>		1,534	(74,022)	(14,618)	(87,106)	(4,007)
<b>Transfer between funds</b>		(1,534)	1,534	-	-	-
<b>Other recognised gains / (losses)</b>						
Actuarial loss on defined benefit pension scheme	21	-	32,000	-	32,000	59,000
<b>Net movement in funds</b>		-	(40,488)	(14,618)	(55,106)	54,993
<b>Reconciliation of funds</b>						
Total funds brought forward		-	(32,287)	741,609	709,322	654,329
<b>Total funds carried forward</b>		<u>-</u>	<u>(72,775)</u>	<u>726,991</u>	<u>654,216</u>	<u>709,322</u>

The notes on pages 25 to 50 form part of these financial statements

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## BALANCE SHEET AS AT 31 AUGUST 2018

	Note	2018 £	2018 £	2017 £	2017 £
<b>Fixed Assets</b>					
Tangible Assets	12		725,767		737,170
<b>Current Assets</b>					
Debtors	13	11,644		20,124	
Cash at bank and in hand	19	27,730		55,909	
		<u>39,374</u>		<u>76,033</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	14	(42,925)		(15,881)	
<b>Net current assets</b>			<u>(3,551)</u>		<u>60,152</u>
<b>Total assets less current liabilities</b>			<u>722,216</u>		<u>797,322</u>
Defined benefit pension scheme liability	21		(68,000)		(88,000)
<b>Net assets including pension liability</b>			<u><u>654,216</u></u>		<u><u>709,322</u></u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
Fixed asset fund	15	726,991		741,609	
Restricted income fund	15	(4,775)		55,713	
Pension reserve	15	(68,000)		(88,000)	
<b>Total restricted funds</b>			<u>654,216</u>		<u>709,322</u>
<b>Unrestricted income funds</b>			<u>-</u>		<u>-</u>
<b>Total Funds</b>			<u><u>654,216</u></u>		<u><u>709,322</u></u>

The financial statements were approved by the trustees and authorised for issue on 20 March 2019 and are signed on their behalf by



C Kearns  
Trustee

Company Registration Number 08047328



# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 AUGUST 2018

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by (used in) operating activities	17	(28,292)	1,083
<b>Cash flows from investing activities</b>		113	553
<b>Cash flows from financing activities</b>		-	-
<b>Change in cash and cash equivalents in the reporting period</b>		<u>(28,179)</u>	<u>1,636</u>
<b>Net Funds as 1 September 2017</b>		<u>55,909</u>	<u>54,273</u>
<b>Net Funds as 31 August 2018</b>		<u><u>27,730</u></u>	<u><u>55,909</u></u>

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 AUGUST 2018

### 1. Statement of Accounting Policies

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

#### General Information

The academy is a private company limited by guarantee, registered in England and Wales and an exempt charity in England and Wales. The address of the registered office is Gilsland C E Primary School, Gilsland, Brampton, Cumbria, CA8 7AA, United Kingdom.

#### Basis of Preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard applicable in the United Kingdom 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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2017 to 2018 issued by the ESFA and the Charities Act 2011 and the Companies Act 2006.

Gilsland Church of England Primary School Academy Trust meets the definition of a public benefit entity under FRS 102.

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

#### Going Concern

The board of trustees' has concerns that the academy trust does not have adequate resources to continue in operational existence. Discussions have been ongoing with the ESFA and assurances have been received from the ESFA, that despite being served a Financial Notice to Improve the ESFA will support the academy trust so that it is able to continue in operational existence for the foreseeable future. The board of trustees' see that the best possible future for the academy is for the academy to be transferred into a Multi-Academy Trust and various efforts have been made to start this process.

The academy continues to adopt the going concern basis in preparing their financial statements as it assumes assets will be transferred into a Multi-Academy Trust at the values stated in the accounts.

#### Income

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

- **Grants**

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

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

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

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

- **Donations**

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

- **Other Income**

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

## **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 to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

- **Governance Costs**

These include the costs attributable to the academy trust's compliance with constitutional and statutory requirements, including audit, management and Governor's meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT

## **Tangible Fixed Assets**

Assets costing £250 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 for 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 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.

Land and Buildings are included in the accounts. The Academy occupies part of the land and buildings under a mere licence to occupy and can be given 2 years notice under the terms of the Diocese agreement with the Secretary of State. The buildings are capitalised and depreciated on the expectation that the academy will continue to occupy for their useful life.

Depreciation is provided on all tangible fixed assets other than freehold land and assets under construction at rates calculated so as to write off the cost of an asset, less its estimated residual values, over the useful economic life of that asset as follows:

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

Office and classroom equipment	Straight line 33% and 10% annum
Leasehold Property	Straight line 2% per annum
Land	Not depreciated

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

The Academy has a lease 'to occupy' with the Diocese over the property occupied for educational purposes. The Governors have assessed the remaining useful life of the property and believe that 50 years is an appropriate estimation over which to depreciate the buildings.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed assets 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.

## Liabilities

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

## Provisions

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

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

## Leased Assets

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

## Financial Instruments

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

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

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

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

## Taxation

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

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

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## **Pensions Benefits**

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

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

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

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

## **Fund Accounting**

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

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

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

## **Critical accounting estimates and areas of judgement**

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

### *Critical accounting estimates and assumptions*

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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<sup>st</sup> March 2016 has been used by the actuary in valuing the pensions liability at 31<sup>st</sup> August 2018. 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.

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## Restated Prior Year Funds

Note 3 – Donations and Capital Grants. This shows the restated 2017 figures for Capital Grants, this has been moved from Note 6 – DFE Grants. This follows the guidance set in the Accounts Direction.

Note 15 – Funds. The allocation of the prior year restricted balances has been restated after reviewing the prior year spend it was evident that all expenditure had been allocated against GAG when other restricted headings should have been used.

## Restated Restricted Funds

	2017	Restated 2017
General Annual Grant (GAG)	14,765	55,713
Other DFE	28,297	-
Music, swimming & School trips	2,763	-
Uniform	2,005	-
Other donations	7,883	-
Pension reserve	(88,000)	(88,000)
	<u>(32,287)</u>	<u>(32,287)</u>

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## 2. General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31<sup>st</sup> August 2018 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises / capital purposes.

The academy trust has not exceeded these limits during the year ended 31<sup>st</sup> August 2018.

## 3. Donations and Capital Grants

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Restated 2017 £
Capital Grants	-	4,416	4,416	4,439
Other Donations	559	-	559	2,000
	<u>559</u>	<u>4,416</u>	<u>4,975</u>	<u>6,439</u>
2017 Total	<u>2,000</u>	<u>4,439</u>		<u>6,439</u>

## 4. Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Restated 2017 £
<b>DFE / EFA revenue grants</b>				
General Annual Grant (GAG)	-	236,029	236,029	261,872
Other DFE / EFA Grants	-	27,325	27,325	21,667
	<u>-</u>	<u>263,354</u>	<u>263,354</u>	<u>283,539</u>
2017 Total	<u>5,104</u>	<u>278,435</u>		<u>283,539</u>

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## Other DFE / EFA Grants

	<b>Total 2018 £</b>	<i>Restated 2017 £</i>
Pupil Premium	5,940	7,920
Sports Grant	16,320	8,175
Phonics Moderation	677	-
Universal Infant Free School Meals	<u>4,388</u>	<u>5,572</u>
	<u>27,325</u>	<u>21,667</u>

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Total 2018 £</b>	<i>Total 2017 £</i>
Education Operations	-	263,354	263,354	283,539
Music, swimming and school trips	-	3,709	3,709	2,763
University student income	-	400	400	-
Uniform	-	411	411	2,005
Other Income	-	2,766	2,766	-
Rural Learning Alliance	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,287</u>
	<u>-</u>	<u>270,640</u>	<u>270,640</u>	<u>289,594</u>
2017 Total	<u>5,104</u>	<u>284,490</u>		<u>289,594</u>



## GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

### 5. Income from Other Trading Activities

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Catering Income	6,391	-	6,391	15,151
Out of School Club	1,418	-	1,418	-
Secondment Income	-	-	-	4,601
Fundraising Income	-	-	-	2,686
	<u>7,809</u>	<u>-</u>	<u>7,809</u>	<u>22,438</u>
2017 Total	<u><u>17,837</u></u>	<u><u>4,601</u></u>		<u><u>22,438</u></u>

### 6. Investment Income

	Unrestricted Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Bank Interest	<u>113</u>	<u>-</u>	<u>113</u>	<u>553</u>
	<u>113</u>	<u>-</u>	<u>113</u>	<u>553</u>
2017 Total	<u><u>553</u></u>	<u><u>-</u></u>		<u><u>553</u></u>

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## 7. Expenditure

	<b>Staff Costs £</b>	<b>Non Pay Expenditure Premises £</b>	<b>Other Costs £</b>	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Expenditure on raising					
Voluntary Income	-	-	6,947	<b>6,947</b>	10,580
Educational operations					
Direct costs	165,986	-	67,548	<b>233,534</b>	194,706
Allocated support costs	<u>41,462</u>	<u>30,408</u>	<u>58,292</u>	<u><b>130,162</b></u>	<u>117,745</u>
	<u><b>207,448</b></u>	<u><b>30,408</b></u>	<u><b>132,787</b></u>	<u><b>370,643</b></u>	<u><b>323,031</b></u>
 <i>2017 Total</i>	 <u><u><b>217,466</b></u></u>	 <u><u><b>12,540</b></u></u>	 <u><u><b>93,025</b></u></u>		 <u><u><b>323,031</b></u></u>

## Direct Costs

	<b>Educational Operations £</b>	<b>Total 2018 £</b>	<b>Total 2017 £</b>
Interest cost on pension scheme	3,000	3,000	2,000
Educational Supplies	27,051	27,051	15,725
Staff Development	4,540	4,540	5,023
Other direct costs	8,500	8,500	3,566
Agency supply	24,457	24,457	-
Teaching and educational support staff costs	124,197	124,197	125,763
National insurance	9,005	9,005	8,528
Pension cost	<u>32,784</u>	<u>32,784</u>	<u>34,101</u>
	<u><b>233,534</b></u>	<u><b>233,534</b></u>	<u><b>194,706</b></u>
 <b>Total 2017</b>	 <u><u><b>194,706</b></u></u>		 <u><u><b>194,706</b></u></u>

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## Support Costs

	Educational Operations £	Total 2018 £	Total 2017 £
Depreciation	19,034	19,034	19,590
Other direct costs	-	-	2,255
Maintenance of premises and equipment	15,740	15,740	12,540
Cleaning	4,788	4,788	1,077
Rent & rates	675	675	1,206
Heat & light	8,382	8,382	6,119
Insurance	823	823	1,433
Security & transport	7,475	7,475	1,368
Technology costs		-	1,862
Bank interest and charges		-	1,162
Other support costs	7,805	7,805	7,848
Audit fees	9,765	9,765	4,750
Business Services	21,160	21,160	7,461
Support staff costs	34,448	34,448	44,148
National insurance	434	434	1,092
Pension costs	6,580	6,580	3,834
	<u>137,109</u>	<u>137,109</u>	<u>117,745</u>
Total 2017	<u>117,745</u>		<u>117,745</u>

## GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

**Net income / (expenditure) for the period includes:**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Depreciation	<b>19,034</b>	<b>19,590</b>
Fees payable to auditor for:		
Current Auditor	<b>4,000</b>	<b>-</b>
Previous Auditor	<b>5,765</b>	<b>4,750</b>

### **8. Charitable Activities**

	<b>Total</b>	<b>Total</b>
	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>Direct Costs - educational operations</b>	<b>233,534</b>	<b>194,706</b>
<b>Support costs - educational operations</b>	<b>130,162</b>	<b>117,745</b>
	<b><u>363,696</u></b>	<b><u>312,451</u></b>

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## 9. Staff

Staff costs during the period were:

	2018 £	2017 £
Wages and salaries	158,645	169,911
Social security costs	9,439	9,620
Operating costs of defined benefit pension schemes	<u>39,364</u>	<u>37,935</u>
	<u>207,448</u>	<u>217,466</u>
Agency Supply Teachers	<u>24,457</u>	<u>-</u>
	<u>231,905</u>	<u>217,466</u>

### a) Staff Numbers

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

	2018 No.	2017 No.
Teachers	2	3
Administration and support	5	8
Management	<u>1</u>	<u>1</u>
	<u>8</u>	<u>12</u>

### Higher Paid Staff

During the current or prior year no employee earned £60,000 or more (excluding employer pension costs).

### b) Key Management Personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 2. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £62,238 (2017: £51,370).

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## 10. Trustees Remuneration and Expenses

One or more trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The head teacher and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of head teacher and staff members under their contract of employment. If this is not the case payments must be disclosed separately. The value of governor's remuneration and other benefits was as follows:

<b>L Winter (Head Teacher and Staff Governor)</b>			
Remuneration	£45,001 - £50,000 (2017: £40,001 - £45,000)		
Employer's pension contributions	£ 5,001 - £10,000 (2017: £ 5,001 - £10,000)		
<b>H Kirkby (Staff Governor - resigned 4-9-18)</b>			
Remuneration	£ 5,001 - £10,000 (2017: £5,001- £10,000)		
Employer's pension contributions	£ 0 - £ 5,000 (2017: £ 0 - £5,000)		
<b>M Bell (Staff Governor - resigned 5-9-17)</b>			
Remuneration	£ Nil	(2017: £	0 - £5,000)
Employer's pension contributions	£ Nil	(2017: £	0 - £5,000)
<b>H Salkeld (Staff Governor - resigned 5-9-17)</b>			
Remuneration	£ Nil	(2017: £25,001-	£30,000)
Employer's pension contributions	£ Nil	(2017: £	0 - £ 5,000)
<b>S O'Neil (Staff Governor - resigned 19-5-17)</b>			
Remuneration	£ Nil	(2017: £15,001-	£20,000)
Employer's pension contributions	£ Nil	(2017: £	0 - £ 5,000)

During the current and previous year, no governors received any reimbursement of expenses.

The legal authorities on which the governors can be paid, are as follows:

- receive a benefit from the Academy in the capacity of a beneficiary of the Academy;
- be employed by the Academy or enter into a contract for the supply of goods or services to the Academy, other than for acting as a governor;
- receive interest on money lent to the Academy at a reasonable and proper rate not exceeding 2% per annum below the base rate of a clearing bank to be selected by the Governors;
- receive rent for premises let by a Governor of the Academy if the amount of the rent and the other terms of the lease are reasonable and proper.

## 11. Trustees and Officers Insurance

The academy trust has opted into the DFE'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. The insurance provides unlimited cover on any claim. It is not possible to quantify the Governors and officer's indemnity element from the overall cost of the RPA scheme.

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## 12. Tangible Fixed Assets

	Leasehold Land and Buildings £	Office Equipment £	Total £
<b>Cost</b>			
At 1 September 2017	768,391	34,102	802,493
Transfer on conversion	-	-	-
Additions	-	7,631	7,631
Disposals	-	-	-
At 31 August 2018	<u>768,391</u>	<u>41,733</u>	<u>810,124</u>
<b>Depreciation</b>			
At 1 September 2017	50,056	15,267	65,323
Charged in year	15,368	3,666	19,034
Disposals	-	-	-
At 31 August 2018	<u>65,424</u>	<u>18,933</u>	<u>84,357</u>
<b>Net book values</b>			
At 31 August 2018	<u>702,967</u>	<u>22,800</u>	<u>725,767</u>
At 31 August 2017	<u>718,335</u>	<u>18,835</u>	<u>737,170</u>

Included in land and buildings is leasehold land at a valuation of £284,000 (2017 – £284,000).

The leasehold property was valued by Mouchel on behalf of the Education Funding Agency. The valuers hold the appropriate MRICS qualifications and performed a desktop valuation of the property, using The Depreciated Replacement Cost method as at 31st March 2013. The valuation of £643,000 included £284,000 for the Land Element. The governors believe this valuation is a fair representation of the value of the property, given that it is a listed property, at both the date of conversion and at the year end.

### Leases

The school buildings are situated on land owned by the Carlisle Diocesan Board of Finance Limited (CDBF). A Church Supplemental Agreement has been signed giving the academy the right to occupy this land. The Church Supplemental Agreement gives the CDBF the right to terminate the agreement with two years notice. The Governors have capitalised the Leasehold Land and Buildings as they are not aware of any intention by the CDBF to serve notice in the future.

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## 13. Debtors

	2018 £	2017 £
Trade Debtors	1,970	7,180
VAT Recoverable	3,857	1,120
Other debtors	1,952	9,900
Prepayments	<u>3,865</u>	<u>1,924</u>
	<u>11,644</u>	<u>20,124</u>

## 14. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	4,530	3,131
PAYE & NIC creditor	2,884	6,110
Other creditors	1,834	2,850
Accruals and deferred income	<u>33,677</u>	<u>3,790</u>
	<u>42,925</u>	<u>15,881</u>

### Deferred Income

	2018 £	2017 £
Deferred income at 1 September 2017	-	9,181
Resources deferred in the year	5,706	-
Amounts released from previous years	<u>-</u>	<u>(9,181)</u>
Deferred income at 31 August 2018	<u>5,706</u>	<u>-</u>

At the balance sheet date the Academy Trust was holding £5,706 (2017: nil) for funds received in advance from the ESFA for the Universal Infant Free School Meals Grant for the period 1<sup>st</sup> September 2018 to 31<sup>st</sup> March 2019.



# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## 15. Funds

	Restated balance at 1 September 2017 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	55,713	235,238	(297,260)	1,534	(4,775)
Pupil Premium	-	7,920	(7,920)	-	-
Sports Premium	-	16,320	(16,320)	-	-
Universal Infant Free School Meals		3,199	(3,199)	-	-
Other EFA Grants	-	677	(677)	-	-
Other Income	-	7,286	(7,286)	-	-
Pension reserve	(88,000)	-	(12,000)	32,000	(68,000)
	<b>(32,287)</b>	<b>270,640</b>	<b>(344,662)</b>	<b>33,534</b>	<b>(72,775)</b>
<b>Restricted fixed assets funds</b>					
Transfer on conversion	599,625	-	(12,860)	-	586,765
DFE / EFA capital grants	14,018	4,416	(2,150)	-	16,284
Capital Maintenance Fund	60,731	-	(2,183)	-	58,548
Conditions Improvement Fund	67,235	-	(1,841)	-	65,394
	<b>741,609</b>	<b>4,416</b>	<b>(19,034)</b>	<b>-</b>	<b>726,991</b>
<b>Total restricted funds</b>	<b>709,322</b>	<b>275,056</b>	<b>(363,696)</b>	<b>33,534</b>	<b>654,216</b>
<b>Unrestricted funds</b>					
Unrestricted funds	-	8,481	(6,947)	(1,534)	-
<b>Total Unrestricted funds</b>	<b>-</b>	<b>8,481</b>	<b>(6,947)</b>	<b>(1,534)</b>	<b>-</b>
<b>Total Funds</b>	<b>709,322</b>	<b>283,537</b>	<b>(370,643)</b>	<b>32,000</b>	<b>654,216</b>

# **GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL**

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

## **General Annual Grant Fund (GAG)**

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

At the year end the GAG fund deficit was £4,775. The following steps have been taken to eliminate the deficit:

- A live budget, recovery plan and cashflow forecast are now available to staff and governors. These documents will be adjusted as required and communicated to the ESFA regularly.
- A fundraising group is planned which will involve the whole community.
- A School Finance Handbook is being produced based on that used by the Good Shepherd. This formalises as standard operating procedure many of the processes previously found wanting such as procurement.

## **Pupil Premium Fund**

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

## **Universal Infant School Meals (UFSM)**

This represents funding from the ESFA to fund school meals for all infant pupils.

## **Funds in Deficit**

Pension Reserve – This represents the deficit on the Local Government Pension Scheme (LGPS) at the year end, additional contributions are being made and this is reviewed every 3 years by the LGPS.

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

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

	Balance at 1 September 2016 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Restated Balance at 31 August 2017 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	26,574	256,768	(227,629)	-	55,713
Pupil Premium	-	7,920	(7,920)	-	-
Sports Premium	-	8,175	(8,175)	-	-
Universal Infant Free School Meals		5,572	(5,572)	-	-
Other EFA Grants	-	-	-	-	-
Other Income	1,995	10,656	(12,651)	-	-
Pension reserve	(131,000)		(16,000)	59,000	(88,000)
	<b>(102,431)</b>	<b>289,091</b>	<b>(277,947)</b>	<b>59,000</b>	<b>(32,287)</b>
<b>Restricted fixed assets funds</b>					
Transfer on conversion	612,485	-	(12,860)	-	599,625
DFE / EFA capital grants	11,682	4,439	(2,103)	-	14,018
Capital Maintenance Fund	63,517	-	(2,786)	-	60,731
Conditions Improvement Fund	69,076	-	(1,841)	-	67,235
	<b>756,760</b>	<b>4,439</b>	<b>(19,590)</b>	<b>-</b>	<b>741,609</b>
<b>Total restricted funds</b>	<b>654,329</b>	<b>293,530</b>	<b>(297,537)</b>	<b>59,000</b>	<b>709,322</b>
<b>Unrestricted funds</b>					
Unrestricted funds	-	25,494	(25,494)	-	-
<b>Total Unrestricted funds</b>	<b>-</b>	<b>25,494</b>	<b>(25,494)</b>	<b>-</b>	<b>-</b>
<b>Total Funds</b>	<b>654,329</b>	<b>319,024</b>	<b>(323,031)</b>	<b>59,000</b>	<b>709,322</b>

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

A Current year 12 months and prior year 12 months combined position is as follows:

	Balance at 1 September 2016 £	Incoming Resources £	Resources Expended £	Gains, Losses and Transfers £	Balance at 31 August 2018 £
<b>Restricted general funds</b>					
General Annual Grant (GAG)	26,574	492,006	(524,889)	1,534	(4,775)
Pupil Premium	-	15,840	(15,840)	-	-
Sports Premium	-	24,495	(24,495)	-	-
Universal Infant Free School Meals	-	8,771	(8,771)	-	-
Other EFA Grants	-	677	(677)	-	-
Other Income	1,995	17,942	(19,937)	-	-
Pension reserve	(131,000)	-	(28,000)	91,000	(68,000)
	<b>(102,431)</b>	<b>559,731</b>	<b>(622,609)</b>	<b>92,534</b>	<b>(72,775)</b>
<b>Restricted fixed assets funds</b>					
Transfer on conversion	612,485	-	(25,720)	-	586,765
DfE / EFA capital grants	11,682	8,855	(4,253)	-	16,284
Capital Maintenance Fund	63,517	-	(4,969)	-	58,548
Conditions Improvement Fund	69,076	-	(3,682)	-	65,394
	<b>756,760</b>	<b>8,855</b>	<b>(38,624)</b>	<b>-</b>	<b>726,991</b>
<b>Total restricted funds</b>	<b>654,329</b>	<b>568,586</b>	<b>(661,233)</b>	<b>92,534</b>	<b>654,216</b>
<b>Unrestricted funds</b>					
Unrestricted funds	-	33,975	(32,441)	(1,534)	-
<b>Total Unrestricted funds</b>	<b>-</b>	<b>33,975</b>	<b>(32,441)</b>	<b>(1,534)</b>	<b>-</b>
<b>Total Funds</b>	<b>654,329</b>	<b>602,561</b>	<b>(693,674)</b>	<b>91,000</b>	<b>654,216</b>

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## 16. Analysis of net assets between funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	725,767	725,767
Current assets	-	38,150	1,224	39,374
Current liabilities	-	(42,925)	-	(42,925)
Pension scheme liability	-	(68,000)	-	(68,000)
<b>Total net assets</b>	-	<b>(72,775)</b>	<b>726,991</b>	<b>654,216</b>

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

	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Total Funds £
Tangible fixed assets	-	-	737,170	737,170
Current assets	-	71,595	4,439	76,034
Current liabilities	-	(15,882)	-	(15,882)
Pension scheme liability	-	(88,000)	-	(88,000)
<b>Total net assets</b>	-	<b>(32,287)</b>	<b>741,609</b>	<b>709,322</b>

# GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL

## 17. Reconciliation of net movement in funds to net cash flow from operating activities

	2018 £'000	2017 £'000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(87,106)	(4,007)
Adjusted for:		
Depreciation	19,034	19,590
Capital grants from DFE and other capital income	(7,631)	-
Interest receivable	(113)	(553)
Defined benefit pension scheme costs less contributions payable (note 18)	12,000	16,000
(Increase) / decrease in debtors	8,480	13,782
Increase / (decrease) in creditors	<u>27,044</u>	<u>(43,729)</u>
	<u>(28,292)</u>	<u>1,083</u>

## 18. Commitments under operating leases

### Operating leases

At 31<sup>st</sup> August 2018 the total of the academy trusts future minimum lease payments under non-cancellable operating leases were:

	2018 £	2017 £
Amounts due within one year	1,732	1,366
Amounts due between one and five years	<u>5,196</u>	<u>-</u>
	<u>6,928</u>	<u>1,366</u>

## 19. Analysis of cash and cash equivalents

	At 31 August 2018 £	At 31 August 2017 £
Cash in hand and at bank	<u>27,730</u>	<u>55,909</u>
	<u>27,730</u>	<u>55,909</u>

# **GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL**

## **20. 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.

## **21. Pension and similar obligations**

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

The latest actuarial valuation of the TPS was 31 March 2012 and the LGPS 31 March 2016.

Contributions amounting to £0 were payable to the schemes at 31 August 2018 (2017 £2,739) and are included within creditors.

### **Teachers' Pension Scheme**

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

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

### **Valuation of the Teachers' Pension Scheme**

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Card Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31<sup>st</sup> March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Card Cap) Directions 2014. The valuation report was published by the Department for Education on 9<sup>th</sup> June 2014. The key elements of the valuation and subsequent consultations are:

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

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

The employer's pension costs paid to TPS in the period amounted to £15,653 (2017: £16,024).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions Website.

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

### Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2018 was £13,166 (2017: £13,534), of which employer's contributions totalled £10,381 (2017: £7,911), the 2018 total included £1,500 pension deficit lump sum and employee's contributions totalled £2,785 (2017: £3,637). The agreed contribution rate for future years are 5.5% - 12.5% for employees and 17.9% for employers.

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 of Education. The guarantee came into force on 18<sup>th</sup> July 2013.

The LGPS is in deficit and the academy trust has agreed to make additional contributions, it is anticipated that the additional contributions will need to be paid for the next 15 years.

### Principal Actuarial Assumptions

	<b>At 31 August 2018</b>	<i>At 31 August 2017</i>
Rate of increase in salaries	3.6%	3.7%
Rate of increase for pensions in payment / inflation	2.2%	2.2%
Discount rate of scheme liabilities	2.8%	2.4%
Inflation assumption (CPI)	2.1%	2.2%

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

	<b>At 31 August 2018</b>	<i>At 31 August 2017</i>
Retiring today		
Males	23.2	23.1
Females	25.8	25.7
Retiring in 20 years		
Males	25.5	25.4
Females	28.5	28.4



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## Sensitivity Analysis

	Central		+0.1% p.a		+0.1% p.a		+0.1% p.a		1 year increase in life expectancy	
	2018	2017	discount rate		inflation		pay growth		2018	2017
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Liabilities	307	301	301	295	313	307	307	301	312	306
Assets	(239)	(213)	(239)	(213)	(239)	(213)	(239)	(213)	(239)	(213)
Deficit / (Surplus)	68	88	62	82	74	94	68	88	73	93
Projected Service Cost for next Year	18	23	18	22	19	24	18	23	19	23
Projected Net Interest Cost for next year	2	2	2	2	2	2	2	2	2	2

The academy's share of the assets and liabilities in the scheme and the expected rates were:

	Fair value at 31 August 2018 £	Fair value at 31 August 2017 £
Equities	116,000	104,000
Government Bonds	42,000	39,000
Bonds	15,000	14,000
Property	22,000	17,000
Cash / liquidity	14,000	12,000
Other	30,000	27,000
Total market value of assets	239,000	213,000
Present value of scheme liabilities		
- Funded	(307,000)	(301,000)
Surplus / (deficit) in the scheme	(68,000)	(88,000)

The actual return on scheme assets was £11,000 (2017: £15,000)

	2018 £	2017 £
Current service cost (net employer contributions)	(9,000)	(23,000)
Interest income	5,000	4,000
Interest cost	(8,000)	(6,000)
Total operating charge	(12,000)	(25,000)

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

	2018 £	2017 £
<b>As at 1st September 2017</b>	<b>301,000</b>	<b>315,000</b>
Current service cost	21,000	23,000
Interest cost	8,000	6,000
Employee contributions	3,000	4,000
Actuarial (gain) / loss	<u>(26,000)</u>	<u>(47,000)</u>
<b>As at 31st August 2018</b>	<b><u>307,000</u></b>	<b><u>301,000</u></b>

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

	2018 £	2017 £
<b>As at 1st September 2017</b>	<b>213,000</b>	<b>184,000</b>
Expected return on assets	5,000	4,000
Actuarial gain / (loss)	6,000	12,000
Employer contributions	12,000	9,000
Employee contributions	<u>3,000</u>	<u>4,000</u>
<b>As at 31st August 2018</b>	<b><u>239,000</u></b>	<b><u>213,000</u></b>

The estimated value of employer contributions for the year ended 31<sup>st</sup> August 2019 is £12,000.

	2018 £	2017 £	2016 £
Present value of defined benefit obligations	(307,000)	(301,000)	(315,000)
Fair value of share of scheme assets	<u>239,000</u>	<u>213,000</u>	<u>184,000</u>
<b>Deficit in the scheme</b>	<b><u>(68,000)</u></b>	<b><u>(88,000)</u></b>	<b><u>(131,000)</u></b>

# **GILSLAND CHURCH OF ENGLAND PRIMARY SCHOOL**

## **22. Related Party Transactions**

Owing to the nature of the Academy's operations and the composition of the governing body' being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy's financial regulations and normal procedures.

Mrs H Richardson, a governor of the Academy, has an interest in Solway Heaters. During the year the Academy paid £1,500 (2017: £nil) to the related party.

Mr M Mill, a member of the Academy, has an interest in The Good Shepherd Multi Academy Trust. During the year the Academy paid £2,225 (2017 : £nil) to the related party.

## **23. Going Concern**

The board of trustees' has concerns that the academy trust does not have adequate resources to continue in operational existence. Discussions have been ongoing with the ESFA and assurances have been received from the ESFA, that despite being served a Financial Notice to Improve the ESFA will support the academy trust so that it is able to continue in operational existence for the foreseeable future. The board of trustees' see that the best possible future for the academy is for the academy to be transferred into a Multi-Academy Trust and various efforts have been made to start this process.

The academy continues to adopt the going concern basis in preparing their financial statements as it assumes assets will be transferred into a Multi-Academy Trust at the values stated in the accounts.