

Company Registration Number: 08565135 (England & Wales)

SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020



**SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

REFERENCE AND ADMINISTRATIVE DETAILS

Members	Mrs A Jewson Mr A Watson Mr R Steenton
Trustees	Mrs A Jewson, Chair of Governors Mr C Smith, Headteacher Mr C Bovey, Trustee Mrs K Bunting, Associate Governor (resigned 18 September 2019) Mr S Ellis, Trustee Miss J Lines, Staff Trustee (resigned 1 December 2019) Mrs D Matharu, Trustee Mrs S Walker, Staff Trustee (resigned 6 September 2019) Mrs M Perry-Springer, Trustee (resigned 23 September 2020) Mr D S Hill, Staff Trustee (appointed 23 September 2019) Ms H Talbot, Staff Trustee (resigned 21 September 2020) Ms K Pullen, Parent Trustee (resigned 27 November 2020) Ms K Sherry, Staff Trustee (appointed 6 December 2019) Mr R Steenton, Vice Chair of Governors Mr M Simpson, Parent Trustee (resigned 27 November 2020) Mr A Watson, Trustee Mrs P Taylor, Trustee
Company registered number	08565135
Company name	South Bromsgrove High Academy Trust
Principal and registered office	Charford Road Bromsgrove Worcestershire B60 3NL
Company secretary	Mrs T Jackson
Accounting Officer	Mr C Smith (Headteacher)
Senior Leadership Team	Mr C Smith, Headteacher Miss K Pascoe, Deputy Headteacher Mr I Medlicott, Deputy Headteacher Mr J Siddle, Deputy Headteacher Mrs S Smith, Assistant Headteacher Miss S Rowing, Assistant Headteacher Ms H Talbot, Assistant Headteacher Ms D Payne, Assistant Headteacher
Independent auditors	Bishop Fleming LLP Chartered Accountants Statutory Auditors 16 Queen Square Bristol BS1 4NT

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

Bankers	Lloyds Bank plc Solihull SME Centre Lloyds Banking Group Learning Centre Creynolds Lane Solihull B90 4ES
Solicitors	Browne Jacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ

**SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES REPORT
FOR THE YEAR ENDED 31 AUGUST 2020**

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2019 to 31 August 2020. The Trustees confirm that the Annual report and financial statements of the Academy comply with the current statutory requirements, the requirements of the Academy's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005. The annual report serves the purpose of both a Trustees' report, and a Directors' report under company law.

The Trust operates an academy for students aged 13 to 18 in Bromsgrove, Worcestershire. It has a student capacity of 1,370 and had a roll of 1,353 in the school census on 1 October 2020.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Academy 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.

The Trustees of South Bromsgrove High Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as South Bromsgrove High.

Details of the Trustees who served throughout the year, except as noted, are included in the Reference and Administration Details on page 1 to 2.

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 they ceased to be a member.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	4
Full-time equivalent employee number	4

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£1,951
Provide the total pay bill	£5,683,751
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time / total pay bill) x 100	0.03%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:

(total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility time hours) x 100	0%
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**TRUSTEES REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020**

Trustees' Indemnities

Trustees benefit from indemnity insurance purchased at the Academy's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Academy, provided that any such insurance shall not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty or which was committed by the Trustees in reckless disregard to whether it was a breach of trust or breach of duty or not and provided also that any such insurance shall not extend to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy. The limit of this indemnity is unlimited.

In accordance with normal commercial practice the Academy has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Academy business. The insurance provides unlimited cover for any one claim and for all claims in the aggregate during the period of insurance.

TRUSTEES

Method of Recruitment and Appointment or Election of Trustees

On 1 November 2013 the Trustees appointed all those Trustees that served the predecessor school to be Trustees of the newly formed Academy. These Trustees were appointed for a term of office that would end when their original term at the predecessor school would have ended, thus ensuring a staggered re election or replacement process.

The Academy's Board of Trustees comprises the Headteacher, a minimum of 2 Parent Trustees, up to 3 Staff Trustees (providing that the total number of Trustees, including the Headteacher, who are employees of the Academy Trust, does not exceed one third of the total number of Trustees) and up to 9 other Trustees.

The Academy Trust shall have the following Trustees as set out in its Articles of Association and funding agreement:

- up to 6 Parent Trustees who are elected by Parents of registered students at the Academy
- up to 3 staff Trustees appointed by staff of the Academy
- up to 7 Community Trustees who are appointed by the Trustee board
- the Headteacher who is treated for all purposes as being an ex officio Governor
- up to 2 co opted Trustees who are appointed by the Trustee board

Trustees are appointed for a four year period, except that this time limit does not apply to the Headteacher. Subject to remaining eligible to be a particular type of Trustee, any Trustee can be re appointed or re elected.

When appointing new Trustees, the Board will give consideration to the skills and experience mix of existing Trustees in order to ensure that the Board has the necessary skills to contribute fully to the Academy's development.

Policies and Procedures Adopted for the Induction and Training of Trustees

The Academy has a Trustee Recruitment, Induction and Training policy available from the Clerk to the Trustees.

The training and induction provided for new Trustees will depend upon their existing experience but would always include a tour of the Academy and a chance to meet staff and students. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Trustees. As there are normally only two or three new Trustees a year, induction tends to be done informally and is tailored specifically to the individual. Advantage is taken of specific courses offered by the Local Authority and other bodies.

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

Organisational Structure

Following a review of governance completed by Ken Lloyd (a National Leader of Governance) in 2019, the operation of the Board of Trustees has been developed to maximise the impact of the Board on the strategic direction of the academy.

Although the Board from time to time will establish Working Groups to perform specific tasks, the Committee structure (Resources Committee and Performance & Standards Committee) has been replaced with 7 full Board meetings throughout the year. This is to support Trustees in developing a well-rounded understanding of the Academy Trust. In order to develop their thinking, Trustees have revisited their strategic vision for the Academy and evaluated the key performance indicators required to hold the Headteacher to account. The agenda for meetings has been carefully planned across the year to ensure regular and timely revisiting of the performance of all areas of the Academy's work. All Trustees are now linked to a key area and meet with the senior leader responsible outside of meetings to ensure an in depth understanding of their remit and performance. Governors now take responsibility for feeding this back at governing body meetings. The Headteacher's Report has been streamlined to track key performance indicators linked to the Academy's priorities. This change in overall approach will be reviewed in the summer term.

This change was evaluated in the summer term and it was agreed to continue with this approach. However, this has been challenging as Trustees have been unable to meet face to face and the Academy is currently implementing a School Recovery Plan as oppose to a School Development Plan. The Academy is focused the safe reopening of the school and addressing issues that have arisen from the lockdown period.

In addition, a Pay Committee receives recommendations from the Headteacher with regard to pay progression and deals with all aspects pertaining to the Headteacher's appraisal.

The following decisions are reserved to the Board of Trustees: to consider any proposals for changes to the status or constitution of the Academy and its committee structure, to appoint or remove the Chairman and/or Vice Chairman, to appoint the Headteacher and Clerk to the Trustees, to approve the Annual Development Plan and budget.

The Trustees are responsible for setting general policy, adopting an annual plan and budget, approving the statutory accounts, monitoring the Academy by the use of budgets and other data, and making major decisions about the direction of the Academy, capital expenditure and staff appointments.

The Trustees and Board of Trustees have devolved responsibility for day to day management of the Academy to the Headteacher and Senior Leadership Team (SLT) which comprises the Headteacher, Deputy Headteachers and Assistant Headteachers. The SLT implement the policies laid down by the Trustees and report back to them on performance.

The Academy has a leadership structure which consists of the Trustees, the Senior Leadership Team and Team Leaders. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The School Business Manager also attends SLT meetings as appropriate. The Headteacher and School Business Manager are responsible for the authorisation of spending within agreed budgets. Some spending control is devolved to Budget Holders which must be authorised in line with the Scheme of Delegation. The Headteacher is responsible for the appointment of staff, though appointment panels for teaching posts may include a Governor.

The Headteacher is the Accounting Officer.

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

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Trustees consider the Board of Trustees and the Senior Leadership Team comprise the key management personnel of the Academy in charge of directing and controlling, running and operating the Trust on a day to day basis. All Trustees give their time freely and no Trustee received remuneration in the year for their role as Trustee.

Details of Trustees' expenses and related party transactions are disclosed in the notes to the accounts.

The pay of key management personnel is reviewed annually and normally increased in accordance with average earnings.

The Trustees benchmark against pay levels in other Academies of a similar size. The benchmark is the mid point of the range paid for similar roles adjusting for a weighting of up to 25% for any additional responsibilities.

Connected Organisations, including Related Party Relationships

There are no related parties which either control or significantly influence the decisions and operations of South Bromsgrove High Academy Trust. There are no sponsors or formal Parent Teacher Associations associated with the Academy.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object and activity of the Academy is to advance for the public benefit education in South Bromsgrove and the surrounding area, in particular by establishing, maintaining, carrying on, managing and developing a school, offering a broad and balanced curriculum and a rich variety of enrichment activities for students of different abilities.

The principal object and activity of the Charitable Company is the operation of South Bromsgrove High to provide free education and care for students of different abilities.

The aims of the Academy during the period ended 31 August 2020 are summarised below:

- to continue to raise the standard of educational achievement of all students,
- to provide a broad and balanced curriculum, including extracurricular activities,
- to develop students as more effective learners,
- to develop the Academy site so that it enables students to achieve their full potential,
- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care,
- to maintain the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review,
- to provide value for money for the funds expended,
- to fulfil the role of a National Teaching School,
- to maintain coherence, clarity and effectiveness in school systems,
- to comply with all appropriate statutory and curriculum requirements,
- to maintain close links with industry and commerce,
- to develop the Academy's capacity to manage change, and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness

At South Bromsgrove High we aim to develop polite, well rounded and resilient young people who, through hard work and determination, make excellent progress. Our Academy is a community in which students, staff and parents are part of a happy and caring environment.

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

Objectives, Strategies and Activities

Key priorities for this term are contained in our School Recovery Plan, a summary of which is available on the school's website and takes account of the current situation with the COVID-19 pandemic. The plan is to implement a streamlined School Development Plan from January 2021. Improvement focuses identified for this term include:

- Supporting students' return to school; rebuilding relationships, assessing their mental health and wellbeing and re-establishing norms
- Supporting SEND students in their return to school
- Ensuring class teachers know what the gaps are for each student and putting in place bespoke provision to address the gaps
- Improve outcomes for our middle ability boys in Year 11, reducing the attainment gap with their peers.
- Meeting individual learning needs of PP students to improve outcomes
- Ensuring our assessment and reporting schedules continue to be soundly based and provide parents and students with meaningful information about progress.
- Developing a Wellbeing Recovery Plan to support all staff in ensuring the wellbeing of their colleagues
- Strengthening the links between Career Development Pathways, Continued Professional Development, appraisal objectives, Departmental Recovery Plan and the School Recovery Plan priorities
- Re-establishing positive study habits and building confidence in Sixth Form learners

Public Benefit

The Trustees confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing the Academy's aims and objectives and in planning its future activities.

The Academy aims to advance for the public benefit, education in Bromsgrove and the surrounding area. In particular, but without prejudice to the generality of the foregoing by estimating, maintaining, managing and development schools, offering a broad curriculum with a strong emphasis on enrichment activities.

The Academy now provides some facilities for recreational and other leisure time occupation for the community at large in that its 3G football facility on site is fully operational. Bookings from the community to take advantage of out of school hours provision are strong and the Academy is pleased to be able to play a part in improving social welfare and the life of the said community. Income from this facility will be included in the school's accounts. The letting of other facilities on the school site is not within the remit of the Academy, as all other third party letting is managed by BAM (as per the PFI contract).

As an Academy we have a duty to support other schools. We have strong relationships with our feeder middle schools and with first schools in the local area. We also maintain a number of strong partnerships through our Teaching School Alliance.

STRATEGIC REPORT

Achievements and Performance

The Academy is in its eighth year of operation and remains oversubscribed in Year 9 and has a waiting list in operation, despite increasing its Pupil Admission Numbers (PAN) to 335. The Academy is also broadly full in Years 10 and 11. Sixth Form recruitment is strong and the school has taken in 182 students in Year 12.

Key Performance Indicators

The Academy considers the following to be its Key Performance Indicators:

- Academic results significantly above national averages (both attainment and progress)
- Key performance data (behaviour / attendance) significantly better than national averages
- Continued development of National Teaching School status
- Recruitment and retention of Year 9 and Sixth Form intakes

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

Key performance indicators for KS4 and KS5 were good in 2019/20 and our Ebacc performance continues to be above the local authority and England average. However, it should be noted that this year's grades were Centre Assessed Grades and not based on formal examinations taking place in the summer term:

The main reported KPIs are:

Key Stage 4

Students achieving a grade 5+ in English and Mathematics – 53.7%

English Baccalaureate average point score – 4.85

Progress 8 score Not available

Attainment 8 score 52.0

Key Stage 5

A levels

Average Points per Entry 32.3 (C+)

Value Added = Not available

Applied general qualifications

Average Points per Entry 30.6 (Distinction-)

Value Added = Not available

Tech levels

Average Points per Entry 31.1 (Distinction-)

Completion and attainment Not available

These sets of results compare well with previous years' results and national and county averages.

To ensure that standards are continually assessed, the Academy operates a programme of lesson observations and work scrutiny, which are undertaken by senior and middle leaders to ensure consistency.

The Academy continues to manage its ICT resource well and is engaged in a rolling programme of replacing older hardware as required.

Recruitment to posts for September 2020 has been successful but, as is the case in other schools, the number of applicants for some subject areas is decreasing notably. The Academy maintains its position of specialists teaching in all subject areas.

Continuing professional development for staff has been very successful with a number of teaching staff undertaking NPQ qualification at middle leader and senior leader levels. The school is a licence holder for the delivery of NPQs. Teachers who left us in August 2020 have retired or been successful in gaining promoted posts in other schools. The school became an appropriate body for accreditation of NQTs in 2015/16 and recruitment to this area of support has been very successful.

During the year, the Academy's charity fundraising activities raised £2,580.

Going Concern

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

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

FINANCIAL REVIEW

Financial and Risk Management Objectives and Policies

Most of the Academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2020 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 DfE which 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 useful life of the assets concerned, as defined in the Academy's accounting policies.

During the year ended 31 August 2020, the Academy received total income of £8,261,984 and incurred total expenditure of £8,684,772. The deficit of expenditure over income for the year was £422,788. Lockdown restrictions did lead to the loss of income from lettings of the 3G football pitch and Teaching School activity. However, there was decreased expenditure in relation to areas such as supply cover costs and materials. The cost of ensuring the school is COVID secure continue to rise, especially in relation to consumables and resources to support adaptations to teaching approaches.

At 31 August 2020 the net book value of fixed assets was £1,114,418 and movements in tangible fixed assets are shown in note 15 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

The land, buildings and other assets are held by the PFI Company and used under agreement. Other assets have been included in the financial statements at a best estimate, taking into account purchase price and remaining useful lives.

The Academy has a deficit in the Local Government Pension Scheme in respect of its non teaching staff. The deficit is incorporated within the Balance Sheet with details in note 26 to the financial statements.

Key financial policies adopted or reviewed during the year include the Finance Policy which lays out the framework for financial management, including financial responsibilities of the Board, Headteacher, managers, budget holders and other staff, as well as delegated authority for spending. Other policies reviewed and updated included Charges and Remissions, Pay Policy and Appraisal Policies.

Reserves Policy

The Trustees review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free reserves should be approximately one month of expenditure (currently approximately £710k). The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies. The level of free reserves is currently in excess of this amount; however we anticipate utilising the surplus reserves to fund operational deficits that have been forecast for the next few years.

The Trustees have reviewed the future plans of the Academy and have set designated reserves as follows:

- £5,000 has been set aside to subsidise music tuition for students.
- £15,000 has been earmarked to fund the continued success of the Duke of Edinburgh Award programme.
- £22,000 has been made available to finance the acquisition of new student desktop computers
- £12,000 will be utilised to set up a new online learning/homework resource (Satchel)

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

- £18,000 has been set aside to cover additional health and safety costs arising as a result of Covid-19 (for examples PPE, sanitising materials, additional cleaning)
- £25,000 has been transferred to a sinking fund in respect of the replacement of the carpet of the Astroturf Pitch

The defined benefit pension scheme reserve has a negative balance. The effect of the deficit position of the pension scheme is that the Academy Trust is paying higher employers' pension contributions over a period of years. The higher employers' pension contributions will be met from the Academy Trust's budgeted annual income. Whilst the deficit will not be immediately eliminated, there should be no actual cash flow deficit on the fund, nor any direct impact on the free reserves of the Academy Trust.

Investment Policy

Due to the nature and timing of receipt of funding, the Academy may at times hold cash balances surplus to its short term requirements. The Trustees have authorised the opening of additional short term bank investment accounts to take advantage of higher interest rates. In addition, the Trustees have authorised the investment of surplus funds in fixed term deposit bonds with high street banks

Day to day management of the surplus funds is delegated to the Headteacher and School Business Manager within strict guidelines approved by the Board of Trustees.

Principal Risks and Uncertainties

The Board of Trustees has reviewed the major risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The principal risks and uncertainties facing the Academy are as follows:

Financial - the Academy has considerable reliance on continued Government funding through the ESFA. In the last year 90.1% of the Academy's incoming resources were ultimately Government funded and whilst this level is expected to continue, there is no assurance that Government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

Failures in governance and/or management - the risk in this area arises from potential failure to effectively manage the Academy's finances, internal controls, compliance with regulations and legislation, statutory returns, etc. The Trustees continue to review and ensure that appropriate measures are in place to mitigate these risks.

Reputational - the continuing success of the Academy is dependent on continuing to attract applicants in sufficient numbers by maintaining the highest educational standards. To mitigate this risk Trustees ensure that student success and achievement are closely monitored and reviewed.

Safeguarding and child protection - the Trustees continue to ensure that the highest standards are maintained in the areas of selection and monitoring of staff, the operation of child protection policies and procedures, health & safety and discipline.

Staffing - the success of the Academy is reliant upon the quality of its staff and so the Trustees monitor and review policies and procedures to ensure continued development and training of staff as well as ensuring there is clear succession planning.

Fraud and mismanagement of funds - The Academy has appointed a Responsible Officer to carry out checks on financial systems and records as required by the Academy Financial Handbook. Finance staff attend workshops and training sessions to keep them up to date with financial practice requirements and develop their skills in this area.

The Academy has continued to strengthen its risk management process throughout the year by improving the process and ensuring staff awareness. The risk register is maintained and is reviewed and updated on a regular basis, through discussions at meetings of the Board of Trustees.

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

The Academy has agreed a Risk Management Strategy as well as the Risk Register. These have been discussed by Trustees and include the financial risks to the Academy. The register and strategy are regularly reviewed in light of any new information and formally reviewed annually.

The Academy has completed an extensive risk assessment in preparation for the partial reopening in June and the full reopening in September using the local authority framework. The risk assessments were approved by Trustees and procedures shared with stakeholders. The school site hosted a visit from the local authority Health & Safety lead and there was no issues identified for improvement. The risk assessments and COVID secure protocols are reviewed on a weekly basis.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those relating to its finances, teaching, facilities and other operational areas. The Trustees have implemented a number of systems to assess and minimise those risks, including internal controls described elsewhere. Where significant financial risk still remains they have ensured they have adequate insurance cover.

Whilst the Academy is over subscribed, risks to revenue funding from a falling roll are small. However, the reduction in post 16 funding levels, the freeze on the Government's overall education budget, changes in funding arrangements for High Needs and increasing employment and premises costs mean that budgets will be increasingly tight in coming years. The implementation of the National Funding Formula in full and the proposed increases to education funding will hopefully alleviate some of these concerns.

The Trustees examine the financial health formally every term. They review performance against budgets and overall expenditure by means of regular update reports at all Board meetings. The Trustees also regularly review cash flow forecasts and ensure sufficient funds are held to cover all known and anticipated commitments.

At the year end, the Academy had no significant liabilities arising from trade creditors or debtors that would have a significant effect on liquidity.

The Board of Trustees recognises that the defined benefit pension scheme deficit (Local Government Pension Scheme), which is set out in note 26 to the financial statements, represents a significant potential liability. However as the Trustees consider that the Academy is able to meet its known annual contribution commitments for the foreseeable future, this risk from this liability is minimised.

Risk Management

The Trustees have assessed the major risks to which the Academy is exposed, in particular those related to the operations and finances of the Academy, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

FUNDRAISING

Fundraising is very low level and predominantly for supporting local charities chosen by the students and also to support School Fund. No fundraising occurs to supplement the Academy GAG from ESFA. There have been no complaints received in 2019-20. All fundraising involving students is overseen by a responsible staff member and only occurs with parental consent.

PLANS FOR FUTURE PERIODS

The Academy will continue to strive to provide outstanding education and improve the levels of performance of its students at all levels. The Academy will continue to aim to attract high quality teachers and support staff in order to deliver its objectives.

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Following the successful completion of its 3G artificial football pitch, the Board of Trustees are keen to maximise use of the facility both as a community asset and as an income generating stream. The use of the pitch by third parties increased significantly in the period and the Academy aims to build on this success moving forward. The 3G pitch was closed during lockdown but has bounced back well and is pretty much fully utilised now.

The Academy was designated as a Teaching School with effect from 1 March 2014 and will continue to seek additional grant funding and income generation for its operations. The seventh round of funding of £40,000 is due to be received shortly from the DfE. The Academy is the DfE approved licence holder for the delivery of National Professional Qualifications and is the lead school within a partnership of Worcestershire Teaching Schools called the Worcestershire Global Leadership Academy (WGLA). The Headteacher is the CEO of WGLA and Chair of the Partnership Board. The recent restrictions in relation to lockdown have had some impact on the enrolment on courses but the sessions have been successfully moved online to counteract this.

To consolidate this area of the Academy's work, a partnership agreement has been put in place with Prince Henry's High School, Evesham and The Chase High School, Malvern. Both South Bromsgrove High and The Chase are strategic partners in support of Prince Henry's High School's bid to achieve Teaching School Hub status, which is the successor programme to Teaching Schools. The Academy is also a strategic partner in support of Arden Academy Trust's bid to become a Teaching School.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy and its Trustees do not act as the Custodian Trustees of any other Charity.

Disclosure of information to auditors

In so far as the Trustees are aware:

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

Auditors

The auditors, Bishop Fleming LLP, are willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

The Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as company directors, and signed on the board's behalf by:



Mrs A Jewson
Chair of Trustees

Date: 8/1/2021

**SOUTH BROMSGROVE HIGH ACADEMY TRUST
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GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

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

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

The board of Trustees has delegated the day-to-day responsibility to the Headteacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between South Bromsgrove High Academy Trust 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.

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(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

GOVERNANCE

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. From September 2019 the meeting structure has been changed and the full board of Trustees now meet at least 7 times in the academic year. The board of Trustees has actually formally met 8 times during the year. The monthly management accounts are reviewed by the Chair of Governors and a nominated Trustee with a professional background in finance and are uploaded to the Governors secure area on our school website. Finance matters are also included on the agenda at the regular meetings between the Headteacher and Chair of Governors. Therefore the Trustees were able to maintain effective oversight of funds.

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

Trustee	Meetings attended	Out of a possible
Mrs A Jewson, Chair of Governors	6	8
Mr C Bovey, Trustee	4	8
Mrs K Bunting, Associate Governor	1	1
Mr S Ellis, Trustee	8	8
Mr D S Hill, Staff Trustee	5	7
Miss J Lines, Staff Trustee	2	2
Mrs D Matharu, Trustee	5	8
Mrs M Perry-Springer, Trustee	7	8
Ms K Pullen, Parent Trustee	6	8
Ms K Sherry, Staff Trustee	5	6
Mr M Simpson, Parent Trustee	6	8
Mr C Smith, Headteacher	8	8
Mr R Steenton, Vice Chair of Governors	6	8
Ms H Talbot, Staff Trustee	6	8
Mrs P Taylor, Trustee	7	8
Mrs S Walker, Staff Trustee	0	0
Mr A Watson, Trustee	8	8

There have been no key changes in the composition of the Board of Trustees in the period. A new Staff Trustee, Darren Hill, was also appointed in September 2019 following the resignation of Steff Walker and Karren Sherry was appointed as a Staff Trustee in December 2019 following the resignation of Jan Lines.

In order to develop their thinking, governors have revisited their strategic vision for the Academy and evaluated the key performance indicators required to hold the Headteacher to account. The governors' strategic vision for the academy covers 4 target areas (academic, financial, people and reputation) and specific goals have been identified in each area.

The agenda for meetings had been carefully planned across the year to ensure regular and timely revisiting of the performance of all areas of the Academy's work. All governors are now linked to a key area and meet with the senior leader responsible outside of meetings to ensure an in depth understanding of their remit and performance. Governors now take responsibility for feeding this back at governing body meetings. The Headteacher's Report has been streamlined to track key performance indicators linked to the Academy's priorities. This change in overall approach will be reviewed in the summer term.

While the new governance structure and streamlined reporting of key performance indicators had been in place for the first half of the academic year, the onset of the COVID-19 pandemic and the subsequent lockdown meant that meetings were focused on managing associated issues. These included the move to online learning for students, remote safeguarding, determining centre assessed grades, preparations for partial opening in June and full reopening in September.

**SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

GOVERNANCE (CONTINUED)

Governance reviews:

The intention was to review the new governance structure in the summer term of 2020. An in depth evaluation was not possible and probably not appropriate as the Academy had such a disrupted year. Meetings have been moved online using Microsoft Teams. This has not been without its challenges as Trustees have had to adapt to using a new technology and develop terms of reference which accommodate this way of working.

The role of the previous Resources Committee has been subsumed within the main Board of Trustees. Trustees continue to monitor, evaluate and review policy and performance in relation to financial management, ensure compliance with reporting and regulatory requirements and reporting, receive reports from the Internal Auditor and draft the annual budget including setting staffing levels. It also monitors and approves staffing changes. A sub-group of trustees take on the role of the Audit Committee.

Advisors:

Non voting advisors in the period:

Miss K Pascoe – Deputy Headteacher
Mr I Medlicott – Deputy Headteacher
Mr J Siddle – Deputy Headteacher
Miss S Rowing – Assistant Headteacher
Mrs S Smith – Assistant Headteacher
Mrs F Anderson – School Business Manager

**SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

REVIEW OF VALUE FOR MONEY

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

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

Improving Educational Outcomes:

The school is committed to continuing improvement in examination results and ensuring that we have the best quality teachers and leaders to achieve positive outcomes. Ensuring the school is COVID secure and managing continuity of education for self-isolating students has meant significant changes for school procedures and teaching, with ongoing cost implications.

We have directed resources to where they are most needed and most effective having identified this need in a School Recovery Plan which replaces the School Development Plan for the autumn term. The Recovery Plan focuses on the immediate wellbeing needs of staff, students and families, along with ensuring that gaps in students' knowledge and understanding are addressed in preparation for examinations later in the year.

Staffing is now at a level to allow us to deliver a broad curriculum. Additional funding from the Government has been used to increase staffing in English, Maths and Modern Foreign Languages. This will support small group intervention which is one of the Academy's key strategies for supporting students following the lockdown period. In other curriculum areas, any further reduction in teaching staff levels would have a detrimental impact on educational outcomes. It would also lead to a narrowing of the curriculum in terms of subjects being offered which could have a detrimental effect on recruitment, in particular in relation to the Sixth Form. The school's key performance indicators continue, broadly, to be evaluated as good, although direct comparisons in academic outcomes with regard to previous years are not possible because of changes in how the DfE measure outcomes. Also, the Academy starts educating students partway through the 5-year period covered by measures such as Progress 8. Therefore the Department of Education recommends that this should be taken into account when comparing the Academy's performance with schools that start at the beginning of Key Stage 3.

In this academic year we have continued to consider budget cutting measures in the light of challenging GAG funding, increasing PFI and salary costs and an increase in Employer's pension contributions in respect of the Local Government Pension Scheme.

In particular we have:

- reduced the support staff by 1.0 full time equivalents in this period and not increased teaching staff
- replaced several of higher cost teachers with newly qualified teachers
- carefully reviewed whether to reappoint to positions when members of staff leave

The school is also sharpening its focus on other ways of generating income. Many of our Teaching School activities now show a surplus and the school holds a licence for delivery of National Professional Qualifications.

We maximise the efficiency of the school's banking arrangements to ensure that where cash flow allows, monies are transferred into a higher interest account and surpluses are on notice accounts. The decision was made to purchase rather than lease new IT equipment to save money over longer term as cash flow permitted this approach.

The income generated through letting the school's 3G AstroTurf facility to the local community continues to support our school budget, despite being shut for part of period because of Covid, the resumption of bookings has been very healthy.

**SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

REVIEW OF VALUE FOR MONEY (CONTINUED)

Financial Governance and Oversight:

Regular monitoring takes place through governors and the governing body committees, including the Pay Committee. The Board of Trustees receive regular financial reports and is accustomed to scrutiny of budgets, income and expenditure and cost control mechanisms as evidenced in minutes.

Two of our Governors work in accountancy/finance or related disciplines and our School Business Manager is a qualified accountant.

The work of these committees are further informed by Internal Auditor reports and with support from Bishop Fleming LLP.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

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

CAPACITY TO HANDLE RISK

The board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

The Trustees have assessed the major risks to which the Academy is exposed, in particular those related to the operations and finances of the Academy, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

THE RISK AND CONTROL FRAMEWORK

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

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

**SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

GOVERNANCE STATEMENT (CONTINUED)

THE RISK AND CONTROL FRAMEWORK (CONTINUED)

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Jessica Bushell, the Business Manager of King Charles I School, Kidderminster, to perform a peer review.

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

- review of month end procedures including bank reconciliations, control accounts and aged debtors;
- review of payroll processes, systems and policies;
- testing of petty cash transactions; and
- review and testing of purchase systems.

On a termly basis, the reviewer reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

No material control issues have arisen as a result of the reviewer's work so far, however remedial action is being taken to improve and strengthen some controls within the financial systems.

No review was undertaken in the Summer Term due to school closures as a result of the Coronavirus pandemic. This meant the reviewer was not able to deliver their full schedule of work as planned.

REVIEW OF EFFECTIVENESS

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

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

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

Approved by order of the members of the Board of Trustees and signed on their behalf by:



Mrs A Jewson
Chair of Trustees
Date: 8/1/2021



Mr C Smith
Accounting Officer
8/1/21

**SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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

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

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



Mr C Smith
Accounting Officer

Date: 8/1/21

**SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 2019 to 2020;
- 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 accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Board of Trustees and signed on its behalf by:


Mrs A Jewson
Chair of Trustees
Date: 8/1/2021

**SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH BROMSGROVE HIGH ACADEMY TRUST

OPINION

We have audited the financial statements of South Bromsgrove High Academy Trust (the 'academy') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

**SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH BROMSGROVE HIGH ACADEMY TRUST (CONTINUED)

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

RESPONSIBILITIES OF TRUSTEES

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

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

**SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF SOUTH BROMSGROVE HIGH ACADEMY TRUST (CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

USE OF OUR REPORT

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

Bishop Fleming LLP

John Talbot FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date: 25-1-21

**SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO SOUTH
BROMSGROVE HIGH ACADEMY TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 17 September 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Bromsgrove High Academy Trust during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to South Bromsgrove High Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to South Bromsgrove High Academy Trust 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 South Bromsgrove High Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

**RESPECTIVE RESPONSIBILITIES OF SOUTH BROMSGROVE HIGH ACADEMY TRUST'S
ACCOUNTING OFFICER AND THE REPORTING ACCOUNTANT**

The accounting officer is responsible, under the requirements of South Bromsgrove High Academy Trust's funding agreement with the Secretary of State for Education dated 30 October 2013 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

APPROACH

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Our work on regularity included a review of the internal controls policies and procedures that have been implemented and an assessment of their design and effectiveness to understand how the Academy complied with the framework of authorities. We also reviewed the reports commissioned by the Trustees to assess the internal controls throughout the year.

We performed detailed testing based on our assessment of the risk of material irregularity, impropriety and non-compliance. This work was integrated with our audit on the financial statements where appropriate and included analytical review and detailed substantive testing of transactions.

**SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

CONCLUSION

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

Bishop Fleming LLP

John Talbot FCA (Reporting Accountant)
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
16 Queen Square
Bristol
BS1 4NT

Date: 25-1-21

**SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
INCOME FROM:						
Donations and capital grants	3	10,547	399,719	29,968	440,234	484,146
Charitable activities	4	258,690	7,477,950	-	7,736,640	7,431,846
Other trading activities	6	74,880	-	-	74,880	79,872
Investments	7	10,230	-	-	10,230	7,787
TOTAL INCOME		354,347	7,877,669	29,968	8,261,984	8,003,651
EXPENDITURE ON:						
Charitable activities	9	272,932	8,270,314	141,526	8,684,772	8,449,168
TOTAL EXPENDITURE		272,932	8,270,314	141,526	8,684,772	8,449,168
NET INCOME/ (EXPENDITURE)		81,415	(392,645)	(111,558)	(422,788)	(445,517)
Transfers between funds	20	(350,973)	226,645	124,328	-	-
NET MOVEMENT IN FUNDS BEFORE OTHER RECOGNISED GAINS/(LOSSES)		(269,558)	(166,000)	12,770	(422,788)	(445,517)
OTHER RECOGNISED GAINS/(LOSSES):						
Actuarial losses on defined benefit pension schemes	26	-	(320,000)	-	(320,000)	(780,000)
NET MOVEMENT IN FUNDS		(269,558)	(486,000)	12,770	(742,788)	(1,225,517)
RECONCILIATION OF FUNDS:						
Total funds brought forward		1,156,823	(2,813,000)	1,101,648	(554,529)	670,988
Net movement in funds		(269,558)	(486,000)	12,770	(742,788)	(1,225,517)
TOTAL FUNDS CARRIED FORWARD		887,265	(3,299,000)	1,114,418	(1,297,317)	(554,529)

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


The notes on pages 29 to 55 form part of these financial statements.

SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER:08565135

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	15	1,114,418	1,097,501
CURRENT ASSETS			
Debtors	16	953,192	911,715
Investments	17	400,000	650,000
Cash at bank and in hand		1,641,746	1,363,153
		<u>2,994,938</u>	<u>2,924,868</u>
Creditors: amounts falling due within one year	18	(2,107,673)	(1,763,898)
NET CURRENT ASSETS		<u>887,265</u>	<u>1,160,970</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,001,683</u>	<u>2,258,471</u>
Defined benefit pension scheme liability	26	(3,299,000)	(2,813,000)
TOTAL NET ASSETS		<u><u>(1,297,317)</u></u>	<u><u>(554,529)</u></u>
FUNDS OF THE ACADEMY			
Restricted funds:			
Fixed asset funds	20	1,114,418	1,101,648
Restricted funds excluding pension asset	20	1,114,418	1,101,648
Pension reserve	20	(3,299,000)	(2,813,000)
Total restricted funds	20	<u>(2,184,582)</u>	<u>(1,711,352)</u>
Unrestricted income funds	20	<u>887,265</u>	<u>1,156,823</u>
TOTAL FUNDS		<u><u>(1,297,317)</u></u>	<u><u>(554,529)</u></u>

The financial statements on pages 26 to 55 were approved and authorised for issue by the Trustees and are signed on their behalf, by:


Mrs A Jewson
Chair of Trustees
Date: 8/1/2021

The notes on pages 29 to 55 form part of these financial statements.

**SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

	Note	2020 £	2019 £
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash provided by/(used in) operating activities	22	146,838	(104,593)
CASH FLOWS FROM INVESTING ACTIVITIES	23	(118,245)	27,008
CHANGE IN CASH AND CASH EQUIVALENTS IN THE YEAR		28,593	(77,585)
Cash and cash equivalents at the beginning of the year		2,013,153	2,090,738
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	24, 25	<u>2,041,746</u>	<u>2,013,153</u>

The notes on pages 29 to 55 form part of these financial statements

**SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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

1. 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.

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

South Bromsgrove High Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 GOING CONCERN

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

1.3 INCOME

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

• **Grants**

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

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

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

• **Donations**

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

• **Other income**

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

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**NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.4 EXPENDITURE

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 INTEREST RECEIVABLE

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

1.6 TAXATION

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

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

1.7 TANGIBLE FIXED ASSETS

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.7 TANGIBLE FIXED ASSETS (CONTINUED)

Depreciation is provided on the following bases:

Long-term leasehold property	- 5 to 25 years straight line basis
Office equipment	- 5 to 10 years straight line basis
Computer equipment	- 2 to 5 years straight line basis
Motor vehicles	- 10 years straight line basis

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

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

1.8 INVESTMENTS

Short term investments includes cash on deposit with a notice period of more than 30 days.

1.9 DEBTORS

Trade and other debtors with no stated interest rate and due within one year are recorded at the amount of the cash or other consideration expected to be received. Prepayments are valued at the amount paid.

1.10 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account and cash on deposit that has a notice period of less than 30 days.

1.11 LIABILITIES

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

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**NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.12 FINANCIAL INSTRUMENTS

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 16. Prepayments are not financial instruments. Cash at bank and short term investments are classified as a basic financial instrument and measured at face value.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.13 OPERATING LEASES

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

1.14 PENSIONS

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

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS
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1. ACCOUNTING POLICIES (continued)

1.15 AGENCY ARRANGEMENTS

The Academy acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the Academy does not have control over the charitable application of the funds. The Academy can use a portion of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received, paid and any balances held at period end are disclosed in the notes to these financial statements.

1.16 FUND ACCOUNTING

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

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

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

Transfers are made between restricted funds and restricted fixed asset funds where restricted funds are used to purchase fixed assets.

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**NOTES TO THE FINANCIAL STATEMENTS
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2. 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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgement:

The Academy obtains use of fixed assets as a lessee. The classification of such leases as operating or finance lease requires the Academy to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

The Trustees have reviewed the terms of the PFI contract and considered the risks and rewards of the contract and concluded that it represents an operating lease and therefore no fixed assets have been recognised in the Balance Sheet in relation to this agreement.

3. INCOME FROM DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	10,547	399,719	-	410,266	376,438
Capital Grants	-	-	29,968	29,968	107,708
	<u>10,547</u>	<u>399,719</u>	<u>29,968</u>	<u>440,234</u>	<u>484,146</u>
TOTAL 2019	<u>31,571</u>	<u>344,867</u>	<u>107,708</u>	<u>484,146</u>	

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4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Education	19,182	7,437,950	7,457,132	7,109,624
Teaching School	239,508	40,000	279,508	322,222
	<u>258,690</u>	<u>7,477,950</u>	<u>7,736,640</u>	<u>7,431,846</u>
TOTAL 2019	<u>316,110</u>	<u>7,115,736</u>	<u>7,431,846</u>	

5. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
DFE/ESFA GRANTS				
General Annual Grant	-	6,887,522	6,887,522	6,813,241
Other DfE Group grants	-	459,479	459,479	176,549
	<u>-</u>	<u>7,347,001</u>	<u>7,347,001</u>	<u>6,989,790</u>
Other Government grants				
High Needs	-	57,204	57,204	43,493
LAC	-	9,167	9,167	13,620
Coronavirus exceptional support	-	11,697	11,697	-
	<u>-</u>	<u>78,068</u>	<u>78,068</u>	<u>57,113</u>
Other funding				
Sales to students	9,062	-	9,062	11,968
Other income	10,120	12,881	23,001	50,753
	<u>19,182</u>	<u>7,437,950</u>	<u>7,457,132</u>	<u>7,109,624</u>
TOTAL 2019	<u>50,493</u>	<u>7,059,131</u>	<u>7,109,624</u>	

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5. FUNDING FOR THE ACADEMY'S EDUCATIONAL OPERATIONS (CONTINUED)

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

The funding received for coronavirus exceptional support covers £4k of free school meal vouchers costs, and £7.7k of other costs in relation to the maintenance of the premises. These costs are included in note 8 below as appropriate.

6. INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Lettings	74,880	74,880	79,872

7. INVESTMENT INCOME

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Bank interest received	10,230	10,230	7,787

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8. EXPENDITURE

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £	Total 2019 £
EDUCATION:					
Direct costs	4,649,419	82,435	737,206	5,469,060	5,180,266
Allocated support costs	1,138,151	1,510,023	342,886	2,991,060	2,994,439
TEACHING SCHOOL:					
Direct costs	64,548	-	55,824	120,372	195,205
Allocated support costs	1,226	-	103,054	104,280	79,258
	<u>5,853,344</u>	<u>1,592,458</u>	<u>1,238,970</u>	<u>8,684,772</u>	<u>8,449,168</u>
TOTAL 2019	<u>5,572,863</u>	<u>1,634,485</u>	<u>1,241,820</u>	<u>8,449,168</u>	

9. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

Summary by fund type

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Education	48,280	8,411,840	8,460,120	8,174,705
Teaching School	224,652	-	224,652	274,463
	<u>272,932</u>	<u>8,411,840</u>	<u>8,684,772</u>	<u>8,449,168</u>
TOTAL 2019	<u>409,597</u>	<u>8,039,571</u>	<u>8,449,168</u>	

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10. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Education	5,469,060	2,991,060	8,460,120	8,174,705
Teaching School	120,372	104,280	224,652	274,463
	<u>5,589,432</u>	<u>3,095,340</u>	<u>8,684,772</u>	<u>8,449,168</u>
TOTAL 2019	<u>5,375,471</u>	<u>3,073,697</u>	<u>8,449,168</u>	

Analysis of direct costs

	Education 2020 £	Teaching School 2020 £	Total funds 2020 £	Total funds 2019 £
Pension finance cost	2,000	-	2,000	3,000
Staff costs	4,579,010	64,548	4,643,558	4,292,810
Depreciation	82,434	-	82,434	76,850
Educational supplies	116,941	-	116,941	170,157
Examination fees	140,853	-	140,853	181,299
Staff development	10,990	1,226	12,216	15,188
Other costs	15,042	54,598	69,640	168,272
Supply teachers	70,409	-	70,409	106,885
Technology costs	55,025	-	55,025	57,820
Loss on disposal of fixed assets	36	-	36	4,586
School Fund expenditure	396,320	-	396,320	298,604
	<u>5,469,060</u>	<u>120,372</u>	<u>5,589,432</u>	<u>5,375,471</u>
TOTAL 2019	<u>5,180,266</u>	<u>195,205</u>	<u>5,375,471</u>	

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10. ANALYSIS OF EXPENDITURE BY ACTIVITIES (CONTINUED)

Analysis of support costs

	Education 2020 £	Teaching School 2020 £	Total funds 2020 £	Total funds 2019 £
Pension finance cost	51,000	-	51,000	48,000
Staff costs	1,122,820	16,557	1,139,377	1,173,168
Depreciation	59,056	-	59,056	80,204
Other costs	50,946	87,723	138,669	111,845
Recruitment and support	2,677	-	2,677	5,088
Maintenance of premises and equipment	45,830	-	45,830	35,443
Rent and rates	52,848	-	52,848	55,007
Insurance	25,423	-	25,423	27,837
Catering	20,602	-	20,602	15,528
Technology costs	30,067	-	30,067	30,181
Office overheads	50,768	-	50,768	46,445
Legal and professional	630	-	630	630
PFI Charges	1,413,901	-	1,413,901	1,381,396
Educational Consultancy	27,483	-	27,483	17,954
Governance	14,403	-	14,403	15,442
School fund expenditure	22,606	-	22,606	29,529
	<u>2,991,060</u>	<u>104,280</u>	<u>3,095,340</u>	<u>3,073,697</u>
TOTAL 2019	<u>2,994,439</u>	<u>79,258</u>	<u>3,073,697</u>	

11. NET INCOME/(EXPENDITURE)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Operating lease rentals	51,362	60,247
Depreciation of tangible fixed assets	141,490	157,051
Fees paid to auditors for:		
- audit	10,340	10,040
- other services	1,890	1,890
	<u>153,682</u>	<u>170,028</u>

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12. STAFF

a. STAFF COSTS

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	4,245,508	4,189,706
Social security costs	431,064	413,767
Pension costs	1,106,363	862,505
	<u>5,782,935</u>	<u>5,465,978</u>
Agency staff costs	70,409	106,885
	<u>5,853,344</u>	<u>5,572,863</u>

b. STAFF NUMBERS

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

	2020 No.	2019 No.
Teachers	80	81
Support staff	51	52
Management	8	7
	<u>139</u>	<u>140</u>

The average headcount expressed as full-time equivalents was:

	2020 No.	2019 No.
Teachers	74	76
Support Staff	42	45
Management	8	7
	<u>124</u>	<u>128</u>

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12. STAFF (CONTINUED)

c. HIGHER PAID STAFF

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	3	3
In the band £90,001 - £100,000	1	1

d. KEY MANAGEMENT PERSONNEL

The key management personnel of the Academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy was £652,642 (2019 £556,620).

13. TRUSTEES' REMUNERATION AND EXPENSES

The Headteacher and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of headteacher and staff under their contracts of employment, and not in respect of their services as Trustees. Other Trustees did not receive any payments from the Academy in respect of their roles as Trustees. The value of Trustees' remuneration and other benefits was as follows: C Smith: Remuneration £90,000 - £95,000 (2019: £90,000 - £95,000), Employer's pension contributions £20,000 - £25,000 (2019: £10,000 - £15,000), H Talbot: Remuneration £30,000 - £35,000 (2019: £50,000 - £55,000), Employer's pension contribution £5,000 - £10,000 (2019: £5,000 - £10,000), D Hill: Remuneration £45,000 - £50,000 (2019: NIL), Employer's pension contributions £10,000 - £15,000 (2019: NIL), K Sherry: Remuneration £15,000 - £20,000 (2019: NIL), Employer's pension contributions £0 - £5,000 (2019: NIL).

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

14. TRUSTEES' AND OFFICERS' INSURANCE

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

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15. TANGIBLE FIXED ASSETS

	Long-term leasehold property £	Office equipment £	Computer equipment £	Motor vehicles £	Total £
COST OR VALUATION					
At 1 September 2019	1,232,711	171,044	791,769	4,705	2,200,229
Additions	-	-	158,443	-	158,443
Disposals	-	(199)	(57,206)	-	(57,405)
At 31 August 2020	1,232,711	170,845	893,006	4,705	2,301,267
DEPRECIATION					
At 1 September 2019	265,732	111,379	722,350	3,267	1,102,728
Charge for the year	82,434	16,672	42,178	206	141,490
On disposals	-	(163)	(57,206)	-	(57,369)
At 31 August 2020	348,166	127,888	707,322	3,473	1,186,849
NET BOOK VALUE					
At 31 August 2020	884,545	42,957	185,684	1,232	1,114,418
At 31 August 2019	966,979	59,665	69,419	1,438	1,097,501

16. DEBTORS

	2020 £	2019 £
DUE WITHIN ONE YEAR		
Trade debtors	1,685	90
Prepayments and accrued income	947,897	908,683
VAT recoverable	3,610	2,942
	953,192	911,715

17. CURRENT ASSET INVESTMENTS

	2020 £	2019 £
Short term deposit account	400,000	650,000

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NOTES TO THE FINANCIAL STATEMENTS
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18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	1,578,801	1,274,042
Other taxation and social security	99,782	99,938
Other creditors	137,308	108,620
Accruals and deferred income	291,782	281,298
	<u>2,107,673</u>	<u>1,763,898</u>
	2020 £	2019 £
Deferred Income		
Deferred income at 1 September 2019	237,660	119,219
Resources deferred during the year	249,680	237,660
Amounts released from previous periods	(237,660)	(119,219)
Deferred income as at 31 August 2020	<u>249,680</u>	<u>237,660</u>

At the balance sheet date the Academy was holding funds received in advance for rates relief and contributions for events taking place in the 2020/21 academic year.

19. FINANCIAL INSTRUMENTS

	2020 £	2019 £
FINANCIAL ASSETS		
Financial assets measured at fair value through income and expenditure	<u>2,041,746</u>	<u>2,013,153</u>

Financial assets measured at fair value through income and expenditure comprise cash at bank and in hand, and short term investments.

SOUTH BROMSGROVE HIGH ACADEMY TRUST
(A COMPANY LIMITED BY GUARANTEE)

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

20. STATEMENT OF FUNDS

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
UN RESTRICTED FUNDS						
General Funds - all funds	1,133,637	354,347	(272,932)	(350,973)	-	864,079
Unrestricted fixed assets	23,186	-	-	-	-	23,186
	<u>1,156,823</u>	<u>354,347</u>	<u>(272,932)</u>	<u>(350,973)</u>	<u>-</u>	<u>887,265</u>
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	-	6,887,522	(7,114,167)	226,645	-	-
Higher Needs funding	-	66,371	(66,371)	-	-	-
Pupil Premium	-	102,444	(102,444)	-	-	-
School fund income	-	399,719	(399,719)	-	-	-
Other income	-	381,613	(381,613)	-	-	-
National College of Teaching and Learning	-	40,000	(40,000)	-	-	-
Pension reserve	(2,813,000)	-	(166,000)	-	(320,000)	(3,299,000)
	<u>(2,813,000)</u>	<u>7,877,669</u>	<u>(8,270,314)</u>	<u>226,645</u>	<u>(320,000)</u>	<u>(3,299,000)</u>
RESTRICTED FIXED ASSET FUNDS						
DfE/ESFA Capital grants	76,063	28,368	(59,092)	124,328	-	169,667
Other Capital grants	1,005,955	1,600	(82,434)	-	-	925,121
Fixed assets transferred on conversion	19,630	-	-	-	-	19,630
	<u>1,101,648</u>	<u>29,968</u>	<u>(141,526)</u>	<u>124,328</u>	<u>-</u>	<u>1,114,418</u>
TOTAL RESTRICTED FUNDS	<u>(1,711,352)</u>	<u>7,907,637</u>	<u>(8,411,840)</u>	<u>350,973</u>	<u>(320,000)</u>	<u>(2,184,582)</u>

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FOR THE YEAR ENDED 31 AUGUST 2020**

20. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
TOTAL FUNDS	(554,529)	8,261,984	(8,684,772)	-	(320,000)	(1,297,317)

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

Restricted:

General Annual Grant - Income from the ESFA which is to be used for the normal running costs of the Academy, including education and support costs.

Higher Needs funding - Funding received by the Local Authority to fund further support for students with additional needs.

Pupil Premium - Income from the ESFA which is to be used to address the current inequalities by ensuring that funding to tackle disadvantage reaches the pupils who need it most.

School fund income - This represents restricted income into the school fund accounts for trips and other services.

Other income - Income which has been received for specific purposes.

National College of Teaching and Learning - This comprises of the Teaching School Core Grant and also school to school support. This funding is to support the teaching school activity.

Pension Reserve - This represents the academy's share of the assets and liabilities in the Local Government Pension Scheme.

Fixed Assets Funds:

Fixed assets transferred on conversion - This represents the book value of assets transferred on conversion to an Academy Trust.

Fixed assets purchased from GAG and other restricted funds - This represents funding from the ESFA used to cover the purchase of the schools assets.

Devolved Formula Capital - This represents funding from the ESFA used to cover the maintenance and purchase of the schools assets.

Other Capital Grants - This represents capital grants received for specific capital projects.

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

**SOUTH BROMSGROVE HIGH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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20. STATEMENT OF FUNDS (CONTINUED)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
UN RESTRICTED FUNDS						
Unrestricted fixed assets	23,186	-	-	-	-	23,186
General funds	1,332,808	435,340	(409,597)	(224,914)	-	1,133,637
	<u>1,355,994</u>	<u>435,340</u>	<u>(409,597)</u>	<u>(224,914)</u>	<u>-</u>	<u>1,156,823</u>
RESTRICTED FUNDS						
General Annual Grant (GAG)	-	6,813,241	(7,038,155)	224,914	-	-
Higher Needs funding	-	57,113	(57,113)	-	-	-
Pupil Premium	-	112,125	(112,125)	-	-	-
School fund income	-	344,867	(344,867)	-	-	-
Other income	-	76,652	(76,652)	-	-	-
National College of Teaching and Learning	-	56,605	(56,605)	-	-	-
Pension reserve	(1,836,000)	-	(197,000)	-	(780,000)	(2,813,000)
	<u>(1,836,000)</u>	<u>7,460,603</u>	<u>(7,882,517)</u>	<u>224,914</u>	<u>(780,000)</u>	<u>(2,813,000)</u>
RESTRICTED FIXED ASSET FUNDS						
DfE/ESFA Capital grants	47,610	103,073	(74,620)	-	-	76,063
Other Capital grants	1,083,754	4,635	(82,434)	-	-	1,005,955
Fixed assets transferred on conversion	19,630	-	-	-	-	19,630
	<u>1,150,994</u>	<u>107,708</u>	<u>(157,054)</u>	<u>-</u>	<u>-</u>	<u>1,101,648</u>

**SOUTH BROMSGROVE HIGH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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20. STATEMENT OF FUNDS (CONTINUED)

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2019 £
TOTAL RESTRICTED FUNDS	(685,006)	7,568,311	(8,039,571)	224,914	(780,000)	(1,711,352)
TOTAL FUNDS	670,988	8,003,651	(8,449,168)	-	(780,000)	(554,529)

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT PERIOD

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	23,186	-	1,091,232	1,114,418
Current assets	864,079	2,107,673	23,186	2,994,938
Creditors due within one year	-	(2,107,673)	-	(2,107,673)
Pension scheme liability	-	(3,299,000)	-	(3,299,000)
TOTAL	887,265	(3,299,000)	1,114,418	(1,297,317)

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR PERIOD

	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £
Tangible fixed assets	23,186	-	1,074,315	1,097,501
Current assets	1,133,637	1,763,898	27,333	2,924,868
Creditors due within one year	-	(1,763,898)	-	(1,763,898)
Pension scheme liability	-	(2,813,000)	-	(2,813,000)
TOTAL	1,156,823	(2,813,000)	1,101,648	(554,529)

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

22. RECONCILIATION OF NET EXPENDITURE TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net expenditure for the period (as per Statement of Financial Activities)	(422,788)	(445,517)
ADJUSTMENTS FOR:		
Depreciation	141,490	157,051
Capital grants from DfE and other capital income	(29,968)	(107,708)
Interest receivable	(10,230)	(7,787)
Defined benefit pension scheme finance cost	107,000	51,000
Defined benefit pension scheme cost less contributions payable	51,000	49,000
Loss on the sale of fixed assets	36	4,586
Defined benefit pension scheme past service cost	8,000	97,000
(Increase)/decrease in debtors	(41,477)	18,388
Increase in creditors	343,775	79,394
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	146,838	(104,593)

23. CASH FLOWS FROM INVESTING ACTIVITIES

	2020 £	2019 £
Interest received	10,230	7,787
Purchase of tangible fixed assets	(158,443)	(89,487)
Proceeds from the sale of tangible fixed assets	-	1,000
Capital grants	29,968	107,708
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	(118,245)	27,008

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash in hand	1,641,746	1,363,153
Short term deposit account	400,000	650,000
TOTAL CASH AND CASH EQUIVALENTS	2,041,746	2,013,153

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

25. ANALYSIS OF CHANGES IN NET DEBT

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	1,363,153	278,593	1,641,746
Liquid investments	650,000	(250,000)	400,000
	<u>2,013,153</u>	<u>28,593</u>	<u>2,041,746</u>

**SOUTH BROMSGROVE HIGH ACADEMY TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
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26. PENSION COMMITMENTS

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

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

Contributions amounting to £117,502 were payable to the schemes at 31 August 2020 (2019 - £90,436) and are included within creditors.

TEACHERS' PENSION SCHEME

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

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

VALUATION OF THE TEACHERS' PENSION SCHEME

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

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

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

The employer's pension costs paid to TPS in the year amounted to £789,685 (2019 - £526,262).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

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**NOTES TO THE FINANCIAL STATEMENTS
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26. PENSION COMMITMENTS (CONTINUED)

LOCAL GOVERNMENT PENSION SCHEME

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £247,000 (2019 - £236,000), of which employer's contributions totalled £202,000 (2019 - £190,000) and employees' contributions totalled £ 45,000 (2019 - £46,000). The agreed contribution rates for future years are 18.8 per cent for employers and 5.5 - 12.5 per cent for employees.

As described in note the LGPS obligation relates to the employees of the Academy, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the year. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy at the balance sheet date.

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

Principal actuarial assumptions

	2020 %	2019 %
Discount rate	1.80	1.80
Rate of increase in salaries	3.80	3.50
Rate of increase for pensions in payment / inflation	2.40	2.10
Inflation assumption (CPI)	2.30	2.00

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

	2020 Years	2019 Years
<i>Retiring today</i>		
Males	22.6	22.8
Females	25.0	25.8
<i>Retiring in 20 years</i>		
Males	24.2	25.1
Females	27.0	28.2

Sensitivity analysis

	2020 £000	2019 £000
Discount rate +0.1%	(113)	(99)
Mortality assumption - 1 year increase	151	80
CPI Rate +0.1%	115	102

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26. PENSION COMMITMENTS (CONTINUED)

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

	2020 £	2019 £
Equities	1,314,000	1,129,000
Government bonds	134,000	120,000
Property	108,000	96,000
Cash and other liquid assets	84,000	46,000
Other bonds	106,000	80,000
Other	250,000	123,000
Total market value of assets	1,996,000	1,594,000

The actual return on scheme assets was £28,000 (2019 - £62,000).

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

	2020 £	2019 £
Current service cost	(307,000)	(239,000)
Past service cost	(8,000)	(97,000)
Interest income	28,000	37,000
Interest cost	(81,000)	(88,000)
Total	(368,000)	(387,000)

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

	2020 £	2019 £
Opening defined benefit obligation	4,407,000	3,136,000
Current service cost	307,000	239,000
Interest cost	81,000	88,000
Employee contributions	45,000	46,000
Actuarial losses / (gains)	417,000	801,000
Past service costs	8,000	97,000
Benefits paid	30,000	-
Closing defined benefit obligation	5,295,000	4,407,000

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26. PENSION COMMITMENTS (CONTINUED)

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

	2020 £	2019 £
Opening fair value of scheme assets	1,594,000	1,300,000
Expected return on assets	-	40,000
Interest income	31,000	-
Actuarial gains	97,000	21,000
Employer contributions	202,000	190,000
Employee contributions	45,000	46,000
Benefits paid	30,000	-
Administrative expenses	(3,000)	(3,000)
Closing fair value of scheme assets	1,996,000	1,594,000

27. OPERATING LEASE COMMITMENTS

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

	2020 £	2019 £
Amounts payable		
Within 1 year	23,324	50,636
Between 1 and 5 years	23,065	33,790
Total	46,389	84,426

The Academy has an ongoing PFI commitment where the annual charge is subject to an annual formula calculation. This arrangement is due to expire in more than five years and the annual charge for the 2020 financial year was £1,413,901 (2019: £1,381,396).

28. 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.

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29. RELATED PARTY TRANSACTIONS

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

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 13.

30. GENERAL INFORMATION

South Bromsgrove High Academy Trust is a private company limited by guarantee, incorporated in the UK and registered in England and Wales. The registered office is Charford Road, Bromsgrove, Worcestershire, B60 3NL.

These financial statements cover the individual entity only.

31. AGENCY ARRANGEMENTS

The Academy distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ended 31 August 2020 the Academy received £22,129 and disbursed £21,149 from the fund. An amount of £18,184 was brought forward from the prior year, leaving an amount of £19,164 included in other creditors relating to undistributed funds that are repayable to ESFA.

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32. TEACHING SCHOOL TRADING ACCOUNT

	2020 £	2020 £	2019 £	2019 £
INCOME				
DIRECT INCOME				
Grant income	40,000		56,605	
Other income	239,508		265,617	
TOTAL DIRECT INCOME	279,508		322,222	
TOTAL INCOME		279,508		322,222
EXPENDITURE				
DIRECT EXPENDITURE				
Direct staff costs	64,548		57,966	
Other staff costs	1,226		4,503	
Other direct costs	54,598		132,736	
TOTAL DIRECT EXPENDITURE	120,372		195,205	
OTHER EXPENDITURE				
Support staff costs	16,557		15,711	
Other support costs	87,723		63,547	
TOTAL OTHER EXPENDITURE	104,280		79,258	
TOTAL EXPENDITURE		224,652		274,463
Surplus from all sources		54,856		47,759
Teaching school balances at 1 September 2019		149,502		101,743
TEACHING SCHOOL BALANCES AT 31 AUGUST 2020		204,358		149,502