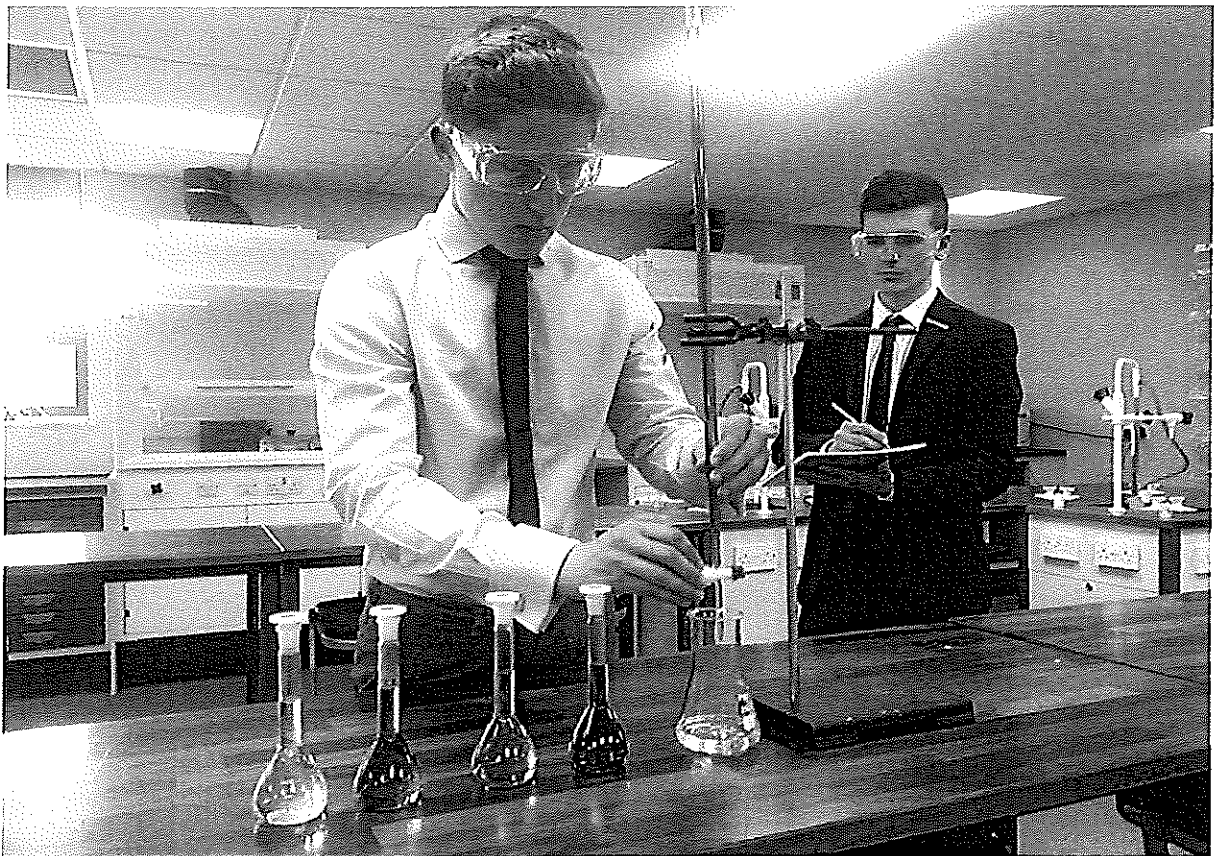


**ALCESTER GRAMMAR SCHOOL**  
**(A Company Limited by Guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 AUGUST 2022**



***Company Limited by Guarantee***  
***Registration Number: 07485466***  
***(England & Wales)***

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, GOVERNORS AND ADVISORS**

<b>Members</b>	A Blackie M Flanagan J Gough J Squires S Case (appointed 4 May 2022)
<b>Governors</b>	J Gough (Chair) J Squires (Vice Chair) R Chandrasekhar J Curtis N Fenton (appointed 17 June 2022) A McIntyre (appointed 07 January 2022) S Parkes P Shepherd (appointed 07 January 2022) R Skelton R Thorpe (appointed 1 June 2022) S Tubb T Ward M Walker (resigned 5 December 2021) L Draper (resigned 6 December 2021) C Sentance (resigned 31 December 2021) A Blackie (resigned 31 January 2022) D Brewer (resigned 30 March 2022) M Flanagan (resigned 12 May 2022) J Slater (appointed 1 January 2022 to 31 May 2022) H Howells (resigned 10 October 2022)
<b>Company Secretary</b>	J Barron (resigned 18 November 2022) C Roberts (appointed 8 November 2022)
<b>Senior Leadership Team</b>	
- Principal and Chief Executive	R Thorpe (appointed 1 June 2022)
- Previous Principal & Chief Executive	C Sentance (resigned 31 December 2021)
- Acting Principal	J Slater (appointed 1 January 2022 to 31 May 2022)
- Finance & Operations Director	F Coyles
- Vice Principal - Curriculum	J Slater
- Vice Principal - Sixth Form	I Young
- Assistant Principal - T&L	H Tingle
- Assistant Principal - Years 7 - 11	J Turner
<b>Company Name</b>	Alcester Grammar School
<b>Principal and Registered Office</b>	Birmingham Road Alcester B49 5ED
<b>Company Registration Number</b>	07485466 (England and Wales)
<b>Independent Auditor</b>	UHY Hacker Young (Birmingham) LLP 9-11 Vittoria Street Birmingham B1 3ND
<b>Bankers</b>	Lloyds Bank PLC 22 Bridge Street Stratford Upon Avon CV37 6AG
<b>Solicitors</b>	HCR Legal LLP Ellenborough House Wellington Street Cheltenham GL50 1YD

**GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2022**

The Governing Board presents their annual report together with the financial statements and auditors' report of the charitable company for the year ended 31 August 2022. The annual report serves the purposes of both a governors' report, and a directors' report under company law.

The Academy Trust operates an academy for pupils aged 11 to 16, and also has a large sixth form offering a wide variety of subjects. The school has a pupil capacity of 1,290 (750 students in 11-16 & 540 in sixth form). On the 6 October 2022 school census date the school roll was 1,326 students; 773 students in years 7 to 11 and 553 students in the sixth form.

**Structure, Governance and Management****Constitution**

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Governors of Alcester Grammar School are also the directors of the charitable company for the purposes of company law. The charitable company operates as Alcester Grammar School.

The company was incorporated on 7 January 2011. On 1 April 2011, Alcester Grammar School converted from a foundation school to Academy Trust status under the Academies Act 2010 and all the operations, and assets and liabilities were transferred to Alcester Grammar School from the Governing Board of Alcester Grammar School.

Details of the Governors who served throughout the year, and to the date these accounts are approved are included in the Reference and Administrative Details on page 3.

**Members' Liability**

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

**Governors' Indemnities**

In accordance with normal commercial practice, the Academy Trust has opted into the ESFA Risk Protection Assurance (RPA) Scheme to protect governors and officers from claims arising from negligent acts, errors or omissions.

**Principal Activities**

The Academy Trust's principal activities are specifically restricted to advance, for the public benefit, education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum. The Academy Trust operates under a funding agreement issued by the Department for Education on 22 March 2011, and commenced operations on 1 April 2011.

**Method of Recruitment and Appointment or Election of Governors**

The Members may appoint up to 12 trustees (governors). There will be a minimum of two parent trustees, who shall be elected by parents of registered students at the Academy. Trustees may co-opt further trustees through a process that they determine suitable, providing that the total number of trustees who are employees of the Academy Trust does not exceed one third of the total number of trustees. If the Principal is appointed as a trustee, that will be regarded as an ex-officio appointment.

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

The governing board operates a circle model of governance which dispenses with most sub-committees. This provides Governors with a broader understanding and ownership of all governance matters and avoids repetition of information and data. In addition, this model facilitates focus on key issues and promotes timely decision making, due to more regular meetings. A separate Risk and Audit committee has been established to provide appropriate oversight of finance and resources.

To ensure scrutiny, governor development and succession planning, most governors have a link to a specific area such as Resources, Curriculum & Standards, Safeguarding, SEN, Admissions, Sixth Form, Careers, Teaching and Learning and Health & Safety, these roles provide informed advice at the governor meetings.

New governors attend Governing Board meetings and can engage in conversations utilising their personal and / or business expertise. Governors are asked to read all relevant policies and procedures. They are required to sign the Governor Code of Conduct and have an enhanced DBS check. Governors are offered governance training opportunities, as appropriate, and are required to undertake safeguarding training.

**GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2022****Organisational structure**

A unified leadership structure operates to help improve the way the Academy is run. The structure consists of the Governors and the Senior Leadership Team. The aim of the management structure is to devolve responsibility and encourage decision making at all levels.

The Governors are responsible for the strategic development of the Academy, adopting an annual School Development Plan and budget, monitoring the Academy by the use of budgets and management accounts and making major decisions about the direction of the Academy, capital expenditure and senior staff appointments.

To ensure an efficient and effective committee structure with the Academy's School Development Plan at its core, the circle model of governance has link governors responsible for leading on Finance, Curriculum & Standards and Admissions, plus other roles. The Pay & Performance committee is a separate subset aligned to the school Pay Policy. The Finance agenda items within the governing board meetings incorporate the duties of the Finance Committee.

The Senior Leadership Team are the Principal (Chief Executive), Finance & Operations Director, two Vice Principals and two Assistant Principals. These senior leaders direct the Academy at an executive level implementing the policies laid down by the governors and reporting to them. The Senior Leadership team is responsible for the appointment of staff within the governing board approved staff structure. The recruitment panel for posts in the Senior Leadership Team will always contain a non-staff member of the governing board. Expenditure approval is devolved to members of the Senior Leadership Team, with specific authorisation limits above which the Principal must countersign. Heads of Department are responsible for the day-to-day operation of curriculum subject areas and accordingly organise their teaching staff, capital resources, facilities and students.

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

The Pay and Performance Committee determine the salary scales for Senior Leadership Team on appointment or promotion and have regard to the current School Teachers' Pay and Conditions Document in part or whole. The Senior Leadership Team must demonstrate sustained high quality of performance, with particular regard to leadership, management and pupil progress at the school and subject to a review of performance against performance objectives, before any performance points will be awarded. Annual pay progression is not automatic.

**Trade Union facility time**

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an Academy Trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must publish information included in Schedule 2 of the Regulations.

The information to be published consists of four tables below:

<b>Number of employees who were relevant Trade Union officials during the relevant period</b>	<b>Full-time equivalent employee number</b>
1+1 (1 resigned effective from 31-Dec-21)	0.1
<b>Percentage of time spent on facility time</b>	<b>Number of employees</b>
<b>Percentage of time</b>	
0%	2
1% to 50%	-
51% to 99%	-
100%	-
<b>Percentage of pay bill spent on facility time</b>	<b>£Nil</b>
Total cost of facilities time	£5,813,000
Total pay bill	£5,813,000
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	Nil%
<b>Paid Trade Union activities</b>	<b>Nil%</b>
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) × 100	Nil%

**GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2022****Related Parties and other Connected Charities and organisations**

As part of its operation, the Academy liaises with organisations such as the Local Authority, the South Warwickshire Education Partnership, as well as with other education providers and trainers such as local schools and further education institutions and universities. These links are maintained in the interests of supporting good practice and information sharing and consolidate well-established mutually supportive associations.

**Objectives and Aims**

The Academy's main objectives are encompassed in its vision statement (updated Autumn 2022) in which Alcester Grammar School aims to nurture aspiration, achievement and opportunity for all. Underpinning this are two Alcester Grammar School values statements - all members of our community are expected to be 'Decent Human Beings' and 'Engaged AGS Learners'. Further detail on these frameworks can be found on the Alcester Grammar School website

To this end, the activities provided include:

- tuition and learning opportunities for all students to attain the highest standard in academic qualifications;
- training opportunities for all staff, to encourage them to be effective models of learning and development;
- a programme of extra and super-curricular activity that is designed to develop students in the broadest sense.
- Outstanding pastoral care;
- community learning links that can support other learners in Alcester and surrounding areas.

**Objectives, Strategies and Activities**

The key themes for the year were stated in the 2021-22 School Development Plan and are set out below.

*Excellent teaching and learning*

- Maintaining outstanding rates of attainment and progress, with student interventions as appropriate
- Developing the autonomy of Head of Departments in rigorous monitoring and evaluation, whilst maintaining consistency of overall standards
- Reflecting on lessons learnt about digital learning and assessment
- Further refinement of the curriculum and assessment across the key stages to ensure cohesion and progress
- Delivering our vision for those students who are SEND and/or disadvantaged.

*Retention, recruitment and further professional development of our highly skilled staff body*

- Ensuring AGS remains a school of choice for highly skilled and qualified staff, with a proactive approach to staff satisfaction and well-being
- Refining efficiency of systems and smart practices to ensure a sustainable approach to workload
- Providing a cohesive CPD programme offering tailored, research-led INSET opportunities for all and evaluation of the impact on classroom practice

*Student wellbeing and preparation for life*

- Maintaining and strengthening the impact of our 11-16 & sixth form pastoral teams to further raise the bar for excellent all-round behaviour
- Sustaining our strategies for promotion of wellbeing, mental health, resilience and independence
- Maintaining our safeguarding practices and procedures in the light of best practice and latest directives
- Providing a rich breadth of opportunities outside the classroom, together with outstanding advice and guidance that leads to appropriate destinations

*Efficient and effective back-office operations*

- Involving our support staff teams in continuous improvement under the leadership of the Finance & Operations Director
- Reviewing our 3 year financial plan and delivering capital improvements
- Maintaining a watching brief on national education initiatives
- Sustaining the calibre and number of students entering the school at y7 and y12 through our reputation and effective marketing
- Ensuring governance remains outstanding through continuous review

**Public Benefit**

In setting our objectives and planning our activities the trustees have carefully considered the Charity Commission's general guidance on public benefit.

**GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2022****Achievements and Performance**

The academic year 2021/22 built on the previous year's successes and the Academy made significant strides forward in achieving ambitious data-based targets.

In terms of examination performance, the following summaries apply:

**Key Stage 4 Results Summer 2022:**

- Another outstanding year of GCSE results
- Record Attainment 8 score of 74.4
- 9-8 52%, 9-7 73%, 4+ 99.8%
- Almost all students achieved 9-4 in all subjects (with only 3 of the 1,507 awarded grades being at 3 or below)
- Progress 8 was a record +0.45
- 73% of the cohort (112 students) scored an average grade of 7 or above
- 52% of the cohort (80 students) scored an average grade of 8 or above
- 100% Pass (4+) in English Language, Maths, Biology, Chemistry, Physics, French, German, Geography, History, Art, Music, Food & Nutrition, Computer Science, Business and Drama
- 91% of Year 11 entered the English Baccalaureate and 88% achieved this at 5+.
- 100% of Students continued in education or training, or moved on to employment

**A level Results Summer 2022:**

- A record 45% A\*-A grades
- 76% of entries graded A\*-B, and 91% graded A\*-C
- Our results continue to improve, against the national picture of lower grades (post pandemic)
- Level 3 Value added progress measures shows that we continue to add statistically significant value to expected student performance

**Going concern**

After making appropriate enquiries, the Governing Board has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

**Promoting the success of the company**

At both governing board and SLT level, those responsible for leadership within the school regularly recognise the need to consider:

- the likely consequences of any decision in the long term
- the interests of the company's employees
- the need to foster the company's business relationships with suppliers, customers and others
- the impact of the company's operations on the community and the environment
- the desirability of the company maintaining a reputation for high standards of business conduct
- the need to act fairly as between members of the company.

As just two examples of this, in Autumn 2022, Alcester Grammar School appointed a new strategic lead for Community Engagement and Outreach, whilst in January 2022, the governing board ensured appropriate external advice was sought when recruiting the new Principal - acutely aware of the potential consequence of such a large strategic decision.

**Financial Review**

Most of the Academy's income is obtained from the Department for Education (DfE) via the Education and Skills Funding Agency (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 2022 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. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2019), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

**GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2022****Financial Review (cont'd)**

During the year ended 31 August 2022, income from recurrent grant funding from the DfE together with other incoming resources was £7,994,000 (2020-21: £7,510,000) and total expenditure was £7,776,000 (2020-21: £7,418,000). The excess of income over expenditure for the year before other recognised gains and losses (excluding restricted fixed asset funds) was £496,000 (2020-21: £296,000).

At 31 August 2022 the net book value of fixed assets was £12,985,000 (2020-21: £12,736,000) and movements in tangible fixed assets are shown in note 12 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy.

	2021-22	2020-21
Pupil numbers: funded on lagged pupil numbers	1,326 (Oct 22)	1,369 (Oct 21)
Staff costs as a % of revenue income from EFSA	74%	76%
Staff costs as a % of total revenue income	73%	75%
Staff costs as a % of total costs	74%	75%
Capital expenditure per pupil	£668	£35

The key controls used by the academy include:

- Detailed terms of reference for all committees
- Formal agendas for the academy board and committees
- Schemes of delegation and formal financial regulations
- Formal written policies
- Clear authorisation and approval levels
- Policies and procedures required by law to protect the vulnerable.

**Reserves policy**

The Governors review the reserves 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 Governors have determined that an appropriate level of free reserves should be equivalent to the surplus funds of the foundation school transferred on conversion to an Academy of £100,000. 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 such as urgent maintenance.

The Academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £636,000 (2020-21: £554,000).

The Local Government Pension Scheme has a deficit as at 31 August 2022 of £184,000 (2020-21: £2,011,000). The Governors have agreed to fund this deficit in accordance with the recommendations of the latest actuarial valuation being the 31 March 2019 formal valuations for English and Welsh LGPS Funds which were concluded by 31 March 2020. Further details in note 28.

**Investment policy**

It is the intention to invest any surplus funds in low risk short-term bank deposits.

**Principal Risks and Uncertainties**

The Governors have responsibility to assess the strategic risks to which the Academy is exposed aided by the SLT; they carry out an annual systematic analysis of all risks to produce a risk management register.

The Governors have implemented a number of systems to assess risks that the Academy faces, especially in the strategic risks areas and in relation to the control of finance. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk. The Academy has an effective system of internal financial controls and this is explained in more detail in this report.

**Fundraising**

The Academy Trust approach to fundraising practices was low key in 2021-22, this was due to the pandemic and the associated financial challenges for many of our students' families.

We have maintained the mechanism whereby parents are able to donate online via the Charities Aid Foundation (CAF).

**Plans for Future Periods**

The Academy again has an almost unprecedented 1,326 students as at the October 2022 census date; of which 7 to 11 year groups total 773 students and sixth form 553 students.



**GOVERNORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2022**

**Plans for Future Periods (cont'd)**

The 2022-23 school development plan focuses on:

- Excellent Teaching and Learning
- Recruitment, Wellbeing and Development of Staff
- Student Wellbeing and Wider Personal Development
- Vision, Finance, Resource and The Broader Landscape

**Auditor**

Insofar as the Governors are aware:

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

The Governors' report, incorporating a strategic report, was approved by order of the Governing Board, as the company directors, on 6 December 2022 and signed on the Governing Board's behalf by:



.....  
J Gough

Chair of Governors

**GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2022****Scope of Responsibility**

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

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

The Governing Board has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Alcester Grammar School and the Secretary of State for Education. The Accounting Officer is also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Governors' Report and in the Statement of Governors' Responsibilities.

The Governing Board has formally met eight times during the year, attendance was as follows:

	Meetings attended	Out of a possible
J Gough (Chair)	8	8
J Squires (Vice Chair)	8	8
R Thorpe (Principal & Accounting Officer)	1	1
C Sentance (Principal & Accounting Officer)	4	4
J Slater (Acting Principal & Accounting Officer)	3	3
F Coyles (Chief Financial Officer)	8	8
A Blackie	1	4
D Brewer (Staff Governor)	6	6
R Chandrasekhar	4	8
J Curtis	4	8
L Draper (Staff Governor)	4	4
N Fenton	1	1
M Flanagan	4	7
H Howells	6	8
A McIntyre (Staff Governor)	3	4
S Parkes (Staff Governor)	7	8
P Shepherd	3	4
R Skelton	6	8
S Tubb	7	8
T Ward	6	8

The main issues dealt with by the Governing Board during 2021-22 were the recruitment of a new Principal, School Development Plan and the continued implementation of the strategy for the expansion of the school.

**Conflicts of Interest**

All governors have to complete the register of business interests annually and are asked at each meeting to declare any changes. This information allows the Academy Trust to see where any potential conflicts of interest might occur and act accordingly. Academy Trusts must describe the processes they have in place to manage conflicts of interest, including (but not limited to) maintaining an up-to-date and complete register of interests, and how the information on this register is used in the day-to-day management and governance of the academy trust.

**Meetings**

The Governing Board meets at least six times per year. In addition the Risk and Audit committee meets three times per year, with the Pay and Performance committee meeting at least once a year.

**GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2022****Governance Review**

The Governing Board regularly reviews the governance structure at meetings to ensure that governors can provide clear strategic direction to the senior leadership team and that the ethos of the Academy is maintained.

The governing board carries out regular self-reviews. This years' review process has confirmed that:

- the character of the trust is preserved and developed;
- the activities of the trust are being undertaken in accordance with the academy trust deed;
- there is clarity of vision, ethos and strategic direction;
- the Principal is held to account for the education performance of the academy and its pupils;
- the financial performance of the academy is monitored and value for money obtained; and
- governance by the Board of Governors is effective.

The Academy Trust intends to carry out its next self-evaluation in June 2023.

**Review of Value for Money**

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

The accounting officer considers how the trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Governors where value for money can be improved, including the use of benchmarking data or by using a framework, where appropriate.

The Academy Trust has delivered improved value for money during the year by:

- obtaining competitive quotes (for example: replacement Intruder Alarm system installation & 5 year statutory Fixed Wire Testing process)
- YPO Public Sector Framework: LED lighting procurement
- Crescent Purchasing Consortium (CPC) framework) External Audit tender

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been operated as designed in Alcester Grammar School for the year ended 31 August 2022 and up to the date of approval of the annual report and financial statements.

**Capacity to Handle Risk**

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

The Board of Governors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year ending 31 August 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Governors.

**The Risk and Control Framework**

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

In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the governing board;
- regular reviews by the Board of Governors of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;

**GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 AUGUST 2022****The Risk and Control Framework (cont'd)**

- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of financial risks.

The Governing Board decided to buy in an independent internal audit service from Randall & Payne LLP.

The scope is to review operational and financial procedures adopted by the Academy and in 2021-22 the focus was a review of systems and processes pertaining to the payroll function. It was a deemed high priority to gain independent assurance due to staffing costs being the largest academy expenditure.

On an annual basis the internal auditor prepares a summary report to the Risk & Audit committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

**Review of Effectiveness**

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control.

During the year the review has been informed by:

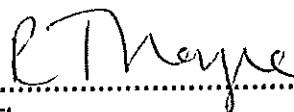
- the work of the internal auditor
- the work of the external auditor
- the school resource management self-assessment tool
- the work of the Senior Leadership Team within the Academy Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the result of their review of the system of internal control by the Risk & Audit Committee and the plan to address any weaknesses and ensure continuous improvement of the system is in place.

The Governors' statement, was approved by order of the Governing Board, as the company directors, on 6 December 2022 and signed on the Governing Board's behalf by:



.....  
J Gough  
Chair of Governing Board



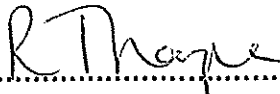
.....  
R Thorpe  
Accounting Officer

**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE FOR THE YEAR ENDED 31  
AUGUST 2022**

As Accounting Officer of Alcester Grammar School I have considered my responsibility to notify the Academy Trust Board of Governors and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2021.

I confirm that I and the Academy Trust Board of Governors are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academy Trust Handbook 2021.

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



.....  
**R Thorpe**  
**Accounting Officer**  
**6 December 2022**

**STATEMENT OF GOVERNORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 AUGUST 2022**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards FRS102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- disclose material departures and explain them in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the academy will continue in business.

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company, and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Approved by order of the members of the Governing Board on 6 December 2022 and signed on its behalf by:



J Gough

Chair of Governors

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCESTER GRAMMAR SCHOOL FOR THE YEAR ENDED 31 AUGUST 2022****Opinion**

We have audited the financial statements of Alcester Grammar School Trust (the charitable company) for the year ended 31 August 2022 which comprise Statement of Financial Activities, the Balance Sheet and the Statement of Cash Flows and notes to the financial statement, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022 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 Alcester Grammar School's affairs as at 31 August 2022 and of its incoming resources and application of resources, including 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 2021 to 2022.

**Basis for opinion**

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

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statement is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Alcester Grammar School's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Governors with respect to going concern are described in the relevant sections of this report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCESTER GRAMMAR SCHOOL FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)****Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Governors are responsible for the other information contained within the financial statements. 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.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the trustees' report (incorporating the Strategic Report, and the Governors Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- 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 the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters where 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; or

**Responsibilities of Governors**

As explained more fully in the governors' responsibilities statement set out on page 14, the governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCESTER GRAMMAR SCHOOL FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)****Auditor's 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 auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Alcester Grammar School and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the Alcester Grammar School, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, Charities SORP 2019 and Academies Accounts Direction 2021 and 2022. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and the Alcester Grammar School's net income for the year.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with and reports to the regulators, including correspondence with the Education and Skills Funding Agency review of correspondence with legal advisors, enquiries of management and review of internal audit reports in so far as they related to the financial statements, and testing of journals and evaluating whether there was evidence of bias by the Governors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

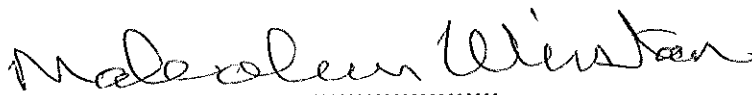
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALCESTER GRAMMAR SCHOOL FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)**

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the academy trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the governors.
- Conclude on the appropriateness of the governors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the academy trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the academy trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**Use of our report**

This report is made solely to the Alcester Grammar School'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 Alcester Grammar School's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Alcester Grammar School's and the Alcester Grammar School's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....  
**Malcolm Winston**  
**Senior Statutory Auditor**  
**UHY Hacker Young (Birmingham) LLP, Statutory Auditor**  
**9-11 Vittoria Street**  
**Birmingham**  
**B1 3ND**

**6 December 2022**

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ALCESTER GRAMMAR SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2022**

In accordance with the terms of our engagement letter dated 17 May 2022 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2021 to 2022 we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by the Academy Trust during the year ended 31 August 2022 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 the Alcester Grammar School and the ESFA in accordance with our engagement letter. Our review has been undertaken so that we might state to the governing body and the ESFA those matters we are required to state to it in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Alcester Grammar School and the ESFA, for our work, for this report, or for the conclusion we have formed.

### **Respective responsibilities of Alcester Grammar School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Alcester Grammar School funding agreement with the Secretary of State for Education dated 22 March 2011, and the Academy Trust 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 2021 to 2022. 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 ended 31 August 2022 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

### **Approach**

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountants issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

Summary of the work undertaken was as follows:

- Analytical review of the academy trust's general activities are within the academy trusts framework of authorities;
- Consideration of the evidence supporting the accounting officers statement on regularity, propriety and
- Review of the general control environment for the academy trust on financial statements and on regularity;
- Sample testing of expenditure transactions to ensure the activity is permissible within the academy trust's framework of authority;

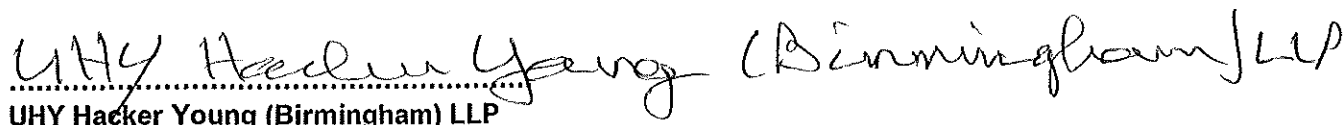
**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO ALCESTER GRAMMAR SCHOOL AND THE EDUCATION AND SKILLS FUNDING AGENCY FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)**

**Approach (cont'd)**

- Confirmation that a sample of expenditure has been appropriately authorised in accordance with the academy trust's delegated authorities;
- Formal representations obtained from the board of governors and the accounting officer acknowledging the responsibilities including disclosing all non compliance with laws and regulations specific to the authorising framework;
- Confirmation that any extra contractual payments such as severance and compensation payments have been appropriately authorised;
- Review of credit card expenditure for any indication of personal use by staff, principal or trustees;
- Review of specific terms of grant funding within the funding agreement;
- Review of related party transactions for connections with the Principal / Finance & Operations Director or trustees; and
- Review of income received in accordance with the activities permitted within the academy trust's charitable objectives.

**Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year ended 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



UHY Hacker Young (Birmingham) LLP

9-11 Vittoria Street

Birmingham

B1 3ND

6 December 2022

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2022**  
**(Including Income and Expenditure Account)**

		Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total 2022 £'000	Total 2021 £'000
<b>Income from:</b>						
Donations and capital Grants	3	58	-	359	417	444
Charitable activities:						
- Funding for the academy trust's educational operations	4	-	7,524	-	7,524	7,020
Other trading activities	5	24	29	-	53	45
Investment income	6	-	-	-	-	1
<b>Total</b>		<b>82</b>	<b>7,553</b>	<b>359</b>	<b>7,994</b>	<b>7,510</b>
<b>Expenditure on:</b>						
Raising funds	7	-	-	-	-	-
Charitable activities:						
- Academy trust's educational operations	7 & 8	-	7,139	637	7,776	7,418
<b>Total</b>		<b>-</b>	<b>7,139</b>	<b>637</b>	<b>7,776</b>	<b>7,418</b>
<b>Net income/(expenditure)</b>		<b>82</b>	<b>414</b>	<b>(278)</b>	<b>218</b>	<b>92</b>
Transfers between funds	17		(359)	359	-	-
<b>Other recognised gains and losses</b>						
Actuarial gain/(loss) on defined benefit pension schemes	28	-	2,135	-	2,135	(319)
<b>Net movement in funds</b>		<b>82</b>	<b>2,190</b>	<b>81</b>	<b>2,353</b>	<b>(227)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward	17	554	(1,495)	12,808	11,867	12,094
Total funds carried forward	17	636	695	12,889	14,220	11,867


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

## BALANCE SHEET AS AT 31 AUGUST 2022

	Note	2022 £'000	2021 £'000
<b>Fixed assets</b>			
Tangible assets	12	12,985	12,736
		<u>12,985</u>	<u>12,736</u>
<b>Current assets</b>			
Stock	13	4	7
Debtors	14	156	159
Cash at bank and in hand		2,117	1,861
		<u>2,277</u>	<u>2,027</u>
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	15	(848)	(872)
<b>Net current assets</b>		<u>1,429</u>	<u>1,155</u>
<b>Total assets less current liabilities</b>		14,414	13,891
Creditors: Amounts falling due after more than one year	16	(10)	(13)
<b>Net assets excluding pension liability</b>		<u>14,404</u>	<u>13,878</u>
Defined benefit pension scheme liability	28	(184)	(2,011)
<b>Total Net Assets</b>		<u><u>14,220</u></u>	<u><u>11,867</u></u>
<b>Funds of the Academy:</b>			
<b>Restricted funds</b>			
- Fixed asset fund	17	12,889	12,808
- Restricted income fund	17	879	516
- Pension reserve	17	(184)	(2,011)
<b>Total Restricted Funds</b>		<u>13,584</u>	<u>11,313</u>
<b>Unrestricted income fund</b>	17	<u>636</u>	<u>554</u>
<b>Total Unrestricted Funds</b>		<u>636</u>	<u>554</u>
<b>Total Funds</b>		<u><u>14,220</u></u>	<u><u>11,867</u></u>

The financial statements on pages 21 to 42 were approved by the trustees and authorised for issue on 6 December 2022 and signed on their behalf by:

  
 .....  
 J Gough  
 Chair of Governors

  
 .....  
 F Coyles  
 Finance & Operations Director

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2022 £'000	2021 £'000
Net cash provided by operating activities	21	787	715
Cash flows from investing activities	22	(527)	(35)
Cash flows from financing activities	23	(4)	(5)
Change in cash and cash equivalents in the reporting period		<u>256</u>	<u>675</u>
Cash and cash equivalents at 1 September	24	1,861	1,186
Cash and cash equivalents at 31 August	24	<u>2,117</u>	<u>1,861</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022****1 Statement of Accounting Policies: Basis of preparation**

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

**Basis of Preparation**

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities : Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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

**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 company 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 trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

**Income**

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

**• Grants**

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

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

**• Sponsorship income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where receipt is probable and it can be measured reliably.

**• Donations**

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

**• Other income**

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

**• Donated goods, facilities and services**

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

- **Donated goods, facilities and services (cont'd)**

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

### Expenditure

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

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

### 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 a straight line basis on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on land. The principal annual rates used for other assets are:

Freehold buildings transferred on 1 April 2011	4%
Freehold buildings purchased after 1 April 2011	2%
Fixtures, fittings and equipment	20%
Computer equipment	33.33%
Motor vehicles	20%

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)****Leased Assets**

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

**Financial Instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments.

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

*Financial liabilities* - trade creditors, accruals and other creditors are financial instrument, and are measured at amortised cost as detailed in notes 15 and 16. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

**Stock**

Catering stock is valued at the lower of cost or net realisable value.

**Taxation**

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 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.

**Pensions Benefits**

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)****Fund Accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees. Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by funders where the asset acquired or created is held for a specific purpose.

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

**Critical accounting estimates and areas of judgement**

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

**Critical accounting estimates and assumptions**

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. 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 critical judgements that the Trustees have made in the process of applying the Academy Trust's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below:

The critical areas of judgement are accounting for government grant, accounting for the write down of assets through depreciation and accounting for the pension liability. Government grants are accounted for as restricted funds. The pension liability is assessed by an independent actuarial valuation. Depreciation rates are based on the expected life of the asset.

In assessing whether there have been any indicators of impairment of assets, the Trustees have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

**Agency Arrangements**

The Academy Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 30.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

**2 GENERAL ANNUAL GRANT (GAG)**

Under the funding agreement with the Secretary of State the academy trust was subject to limits at 31 August 2022 on the amount of GAG that could be carried forward from one year to the next. However, the ESFA have agreed that an amount more than 12% of GAG could be carried forward.

**3 DONATIONS AND CAPITAL GRANTS**

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	Total 2021 £'000
School fund	-	-	-	63
Capital grant	-	359	359	374
Donations	58	-	58	7
	<u>58</u>	<u>359</u>	<u>417</u>	<u>444</u>

The income from donations and capital grants was £417,000 (2021: £444,000) of which £58,000 (2021: £63,000) was unrestricted, £Nil (2021: £Nil) restricted and £359,000 (2021: £381,000) restricted fixed assets.

**4 FUNDING FOR THE ACADEMY TRUST'S EDUCATIONAL OPERATIONS**

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	Total 2021 £'000
<b>DfE/ESFA grants</b>				
General annual grant (GAG) (note 2)	-	6,769	6,769	6,170
<b>Other DfE/ESFA grants</b>				
Pupil Premium	-	25	25	29
Rates relief	-	28	28	29
Teachers pay grant	-	40	40	91
Teachers pension grant	-	113	113	258
Supplementary grant	-	58	58	-
Education recovery grant	-	2	2	-
School led tutoring	-	9	9	-
	<u>-</u>	<u>7,044</u>	<u>7,044</u>	<u>6,577</u>
<b>Other Government grants</b>				
Special educational needs grant	-	27	27	43
Other local authority grants	-	5	5	2
	<u>-</u>	<u>32</u>	<u>32</u>	<u>45</u>
<b>COVID-19 DfE/ESFA additional funding</b>				
Catch up premium	-	5	5	57
Other DfE/ESFA COVID-19 funding	-	15	15	34
	<u>-</u>	<u>20</u>	<u>20</u>	<u>91</u>
<b>COVID-19 Non DfE/ESFA additional funding</b>				
Coronavirus Job Retention Scheme grant	-	-	-	6
Other COVID-19 funding	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>6</u>
<b>Other income from the academy trust's educational operations</b>				
Pupil catering income	-	428	428	301
	<u>-</u>	<u>428</u>	<u>428</u>	<u>301</u>
	<u>-</u>	<u>7,524</u>	<u>7,524</u>	<u>7,020</u>

The income from the academy trust's educational operations was restricted for both years.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

## 5 OTHER TRADING ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	Total 2021 £'000
Hire of facilities	20	-	20	2
Income from recharge of services	-	-	-	-
Other income	4	29	33	43
	<u>24</u>	<u>29</u>	<u>53</u>	<u>45</u>

The income from the academy trust's other trading activities was £53,000 (2021: £45,000) of which £24,000 (2021: £22,000) was unrestricted and £29,000 (2021: £23,000) restricted.

## 6 INVESTMENT INCOME

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000	Total 2021 £'000
Bank interest received	-	-	-	1
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>

The income from the academy trust's investment income was unrestricted for both years.

## 7 EXPENDITURE

	Staff Costs £'000	Non Pay Expenditure		Total 2022 £'000	Total 2021 £'000
		Premises £'000	Other Costs £'000		
Expenditure on raising funds					
- Direct costs	-	-	-	-	-
- Allocated support costs	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Academy's educational operations					
- Direct costs	4,745	-	384	5,129	4,976
- Allocated support costs	1,068	1,078	501	2,647	2,442
	<u>5,813</u>	<u>1,078</u>	<u>885</u>	<u>7,776</u>	<u>7,418</u>
<b>Total costs</b>	<u><b>5,813</b></u>	<u><b>1,078</b></u>	<u><b>885</b></u>	<u><b>7,776</b></u>	<u><b>7,418</b></u>

The expenditure was £7,776,000 (2021: £7,418,000) of which £Nil (2021: £Nil) was unrestricted, £7,139,000 (2021: £6,833,000) restricted and £637,000 (2021: £585,000) restricted fixed assets.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

7 EXPENDITURE (cont'd)	Total 2022 £'000	Total 2021 £'000
Net (income)/expenditure for the year include:		
Operating leases rentals	74	98
Depreciation	637	586
Surplus on disposal of motor vehicle	-	(1)
Fees payable to auditor for:		
- Audit	6	6
- Other services	2	2
	<u>2022</u>	<u>2021</u>
	£'000	£'000
<b>8 CHARITABLE ACTIVITIES</b>		
Direct costs - educational operations	5,129	4,976
Support costs - educational operations	2,647	2,442
	<u>7,776</u>	<u>7,418</u>
<b>Analysis of Support Costs</b>		
	2022	2021
	£'000	£'000
Support staff costs	1,068	1,039
Depreciation	637	586
Gain on disposal	-	(1)
Technology costs	93	81
Premises costs	441	438
Legal costs - Other	31	17
Other support costs	74	60
Catering Costs	237	161
Governance	66	61
	<u>2,647</u>	<u>2,442</u>
<b>9 STAFF</b>	2022	2021
	£'000	£'000
<b>a Staff costs</b>		
Staff costs during the year were:		
Wages and salaries	4,120	4,137
Social security costs	428	415
Pension costs	1,264	1,178
	<u>5,812</u>	<u>5,536</u>
Staff restructuring costs	1	3
	<u>5,813</u>	<u>5,539</u>
<b>Staff restructuring costs comprise:</b>		
Redundancy payments	1	3
	<u>1</u>	<u>3</u>
<b>b Staff severance contractual payments</b>		
The academy trust paid Nil (2021: 1) severance payments in the year, disclosed in the following bands:		
	2022	2021
0 - £25,000	-	1
£25,001 - £50,000	-	-
£50,001 - £100,000	-	-
£100,001 - £150,000	-	-
£150,000+	-	-
	<u>-</u>	<u>-</u>
<b>c Special staff severance non contractual payments</b>		
Included in staff restructuring costs are special severance payments totalling £1,156 (2021 : £Nil).		

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

**9 STAFF (cont'd)****d Staff numbers**

The average number of persons (including School Leadership Team) employed by the Academy during the year ended 31 August 2022 expressed as whole persons was as follows:

	2022	2021
	No.	No.
<b>Charitable Activities</b>		
Teachers	82	75
Administration and support	65	54
Management	6	6
	<u>153</u>	<u>135</u>

**e Higher paid staff**

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

	No.	No.
£60,001 - £70,000	2	2
£70,001 - £80,000	1	1
£80,001 - £90,000	2	2
£110,001 - £120,000	-	1
	<u>-</u>	<u>1</u>

**f Key management personnel**

The key management of the academy trust comprise the trustees and the Senior Leadership Team as listed on page 3. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £595,240 (2021: £656,053).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

**10 RELATED PARTY TRANSACTIONS - GOVERNORS' REMUNERATION AND EXPENSES**

One or more governors has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other governors receive remuneration in respect of their contracts of employment as principal and staff and not in respect of their services as governors. Other governors did not receive any payments from the Academy Trust in respect of their role as governors. The value of governor's remuneration and other remuneration was as follows:

	2022	2021
R Thorpe (Principal & Governor) appointed 1 June 2022		
Remuneration	£20,000 - £25,000	£Nil - £Nil
Employers pension contribution	£5,000 - £10,000	£Nil - £Nil
J Slater (Interim Principal & Governor) appointed 1 January 2022 and resigned 31 May 2022		
Remuneration	£85,000 - £90,000	£Nil - £Nil
Employers pension contribution	£20,000 - £25,000	£Nil - £Nil
C Sentance (Principal & Governor) resigned 31 December 2021		
Remuneration	£35,000 - £40,000	£110,000 - £115,000
Employers pension contribution	£5,000 - £10,000	£25,000 - £30,000
L Draper (Staff Governor)		
Remuneration	£45,000 - £50,000	£45,000 - £50,000
Employers pension contribution	£10,000 - £15,000	£10,000 - £15,000
S Parkes (Staff Governor)		
Remuneration	£35,000 - £40,000	£30,000 - £35,000
Employers pension contribution	£5,000-£10,000	£5,000-£10,000
D Brewer (Staff Governor)		
Remuneration	£45,000 - £50,000	£40,000 - £45,000
Employers pension contribution	£10,000 - £15,000	£10,000 - £15,000
A McIntyre (Staff Governor)		
Remuneration	£45,000 - £50,000	£Nil - £Nil
Employers pension contribution	£10,000 - £15,000	£Nil - £Nil

During the year ended 31 August 2022 £Nil (2021: £Nil) was reimbursed to the governors in respect of travel and subsistence expenses.

Other related party transactions involving the governors are set out in note 29.

**11 TRUSTEES' AND OFFICERS' INSURANCE**

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 cover up to £5,000,000 on any one claim. The cost of this insurance is included in the total insurance cost of the ESFA's RPA scheme.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

## 12 TANGIBLE FIXED ASSETS

	Freehold Land & Buildings £'000	Furniture & Equipment £'000	Computer Equipment £'000	Motor Vehicles £'000	Assets Under Construction £'000	Total £'000
<b>Cost</b>						
At 1 September 2021	16,415	1,071	224	5	-	17,715
Additions	-	119	6	-	761	886
Disposals	-	-	-	-	-	-
At 31 August 2022	<u>16,415</u>	<u>1,190</u>	<u>230</u>	<u>5</u>	<u>761</u>	<u>18,601</u>
<b>Depreciation</b>						
At 1 September 2021	4,247	535	195	2	-	4,979
Charged in year	455	164	17	1	-	637
Disposals	-	-	-	-	-	-
At 31 August 2022	<u>4,702</u>	<u>699</u>	<u>212</u>	<u>3</u>	<u>-</u>	<u>5,616</u>
<b>Net book value</b>						
At 31 August 2022	<u>11,713</u>	<u>491</u>	<u>18</u>	<u>2</u>	<u>761</u>	<u>12,985</u>
At 31 August 2021	<u>12,168</u>	<u>536</u>	<u>29</u>	<u>3</u>	<u>-</u>	<u>12,736</u>

## 13 STOCK

	2022 £'000	2021 £'000
Catering	<u>4</u>	<u>7</u>

## 14 DEBTORS

	2022 £'000	2021 £'000
Trade debtors	1	2
VAT recoverable	107	46
Other debtors	13	63
Prepayments and accrued income	35	48
	<u>156</u>	<u>159</u>

## 15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022 £'000	2021 £'000
Trade creditors	132	238
Taxation and social security	106	96
Salix loan	4	5
Accruals	177	57
Deferred income	17	41
Other creditors	412	435
	<u>848</u>	<u>872</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

## 15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (cont'd)

	2022	2021
	£'000	£'000
Deferred Income		
Deferred income at 1 September	41	48
Resources deferred in the year	17	41
Amounts released from previous years	(41)	(48)
Deferred income at 31 August	<u>17</u>	<u>41</u>

At the balance sheet date the academy was holding funds received in advance for 2022/23 for rates grant £Nil (2021: £14,315), other grants £1,299 (2021: £4,601), catering payments on account £14,893 (2021: £14,143), Covid Catch Up Premium £Nil (2021: £4,508), Lettings £1,170 (2021: £2,820) and examination fees £Nil (2021: £784). For terms of the Salix loans please see note 16.

## 16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2022	2021
	£'000	£'000
Creditors include amounts not wholly repayable within 5 years as follows:		
Salix loan	<u>10</u>	<u>13</u>

The academy has taken out 3 ESFA approved Salix loans for: windows £8,098 repayable over 8 years; boiler £20,224 repayable over 8 years and loft insulation £7,992 repayable over 6 years. All loans are interest free and are repayable in six monthly instalments over the terms of the loans.

## 17 FUNDS

The income funds of the academy comprise the following balances of grants to be applied for specific purposes:

	Balance at 1 September 2021 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2022 £'000
<b>Restricted general funds</b>					
General annual grant (GAG) (note i)	514	6,769	(6,060)	(359)	864
Pupil premium - ESFA (note ii)	-	24	(19)	-	5
Teachers pension grant	-	113	(113)	-	-
Teachers pay grant	-	40	(40)	-	-
Rates relief	-	28	(28)	-	-
Pupil premium - LA	-	6	(6)	-	-
Local authority - SEN	-	27	(27)	-	-
School catering	-	428	(418)	-	10
ESFA Covid 19 funding	-	20	(20)	-	-
Other ESFA restricted grants (note ii)	-	69	(69)	-	-
Other restricted (note iii)	2	29	(31)	-	-
	<u>516</u>	<u>7,553</u>	<u>(6,831)</u>	<u>(359)</u>	<u>879</u>
<b>Restricted fixed asset funds</b>					
Fixed assets donation (note iv)	9,006	8	(365)	-	8,649
ESFA capital grants (note iv)	3,304	349	(204)	-	3,449
Capital expenditure from GAG (note v)	491	-	(65)	359	785
Donated fixed assets - ESFA	7	2	(3)	-	6
<b>Total restricted funds</b>	<u>12,808</u>	<u>359</u>	<u>(637)</u>	<u>359</u>	<u>12,889</u>
<b>Restricted pension scheme liability</b>					
Pension reserve (note vi)	(2,011)	-	(308)	2,135	(184)
	<u>(2,011)</u>	<u>-</u>	<u>(308)</u>	<u>2,135</u>	<u>(184)</u>
<b>Total restricted funds</b>	<u>11,313</u>	<u>7,912</u>	<u>(7,776)</u>	<u>2,135</u>	<u>13,584</u>
<b>Unrestricted funds</b>					
Unrestricted funds (note vii)	554	82	-	-	636
<b>Total unrestricted funds</b>	<u>554</u>	<u>82</u>	<u>-</u>	<u>-</u>	<u>636</u>
<b>Total Funds</b>	<u>11,867</u>	<u>7,994</u>	<u>(7,776)</u>	<u>2,135</u>	<u>14,220</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

## 17 FUNDS (cont'd)

## Notes

- i) General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it would carry forward at 31 August 2022. The ESFA have however agreed that the limit on the amount of GAG that can be carried forward can be exceeded (see note 2).
- ii) Other ESFA and local authority grants are utilised for the purposes intended. Grants include SEN, pupil premium, devolved formula revenue and other grants.
- iii) Other restricted general funds include payments made in advance towards academy trips that will take place in the future.
- iv) Restricted fixed assets were initially funded by WCC donating Academy land and buildings. Subsequently, DfE/ESFA capital grants and loan have been used to fund additions. Depreciation is then charged against these assets over the life of the asset.
- v) The gross transfer from the restricted general fund to the restricted fixed asset fund of £359,000 (2021: £118,000) represents the total capital expenditure from the General Annual Grant (GAG) during the year.
- vi) The pension reserve represents the deficit on the Local Government Pension Scheme (see note 27).
- vii) Unrestricted funds include voluntary payments made to the school fund and surpluses transferred on academy conversion to be spent at the discretion of the governors.

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

	Balance at 1 September 2020 £'000	Incoming Resources £'000	Resources Expended £'000	Gains, Losses & Transfers £'000	Balance at 31 August 2021 £'000
<b>Restricted general funds</b>					
General annual grant (GAG) (note i)	212	6,170	(5,750)	(118)	514
Pupil premium - ESFA	-	29	(29)	-	-
Teachers pension grant	-	258	(258)	-	-
Teachers pay grant	-	91	(91)	-	-
Rates relief	-	29	(29)	-	-
Covid catch up premium	-	57	(57)	-	-
Other DfE/ESFA COVID-19 funding	-	34	(34)	-	-
Pupil premium - LA	-	2	(2)	-	-
Local authority - SEN	-	43	(43)	-	-
Other restricted (note iii)	3	324	(325)	-	2
Coronavirus job retention scheme grant	-	6	(6)	-	-
	<b>215</b>	<b>7,043</b>	<b>(6,624)</b>	<b>(118)</b>	<b>516</b>
<b>Restricted fixed asset funds</b>					
Fixed assets donation (note iv)	9,358	-	(352)	-	9,006
ESFA capital grants (note iv)	3,107	374	(177)	-	3,304
Capital expenditure from GAG (note v)	429	-	(56)	118	491
Donated fixed assets - ESFA	-	7	-	-	7
<b>Total restricted funds</b>	<b>12,894</b>	<b>381</b>	<b>(585)</b>	<b>118</b>	<b>12,808</b>
<b>Restricted pension scheme liability</b>					
Pension reserve (note vi)	(1,483)	-	(209)	(319)	(2,011)
	<b>(1,483)</b>	<b>-</b>	<b>(209)</b>	<b>(319)</b>	<b>(2,011)</b>
<b>Total restricted funds</b>	<b>11,626</b>	<b>7,424</b>	<b>(7,418)</b>	<b>(319)</b>	<b>11,313</b>
<b>Unrestricted funds</b>					
Unrestricted funds (note vii)	468	86	-	-	554
<b>Total unrestricted funds</b>	<b>468</b>	<b>86</b>	<b>-</b>	<b>-</b>	<b>554</b>
<b>Total Funds</b>	<b>12,094</b>	<b>7,510</b>	<b>(7,418)</b>	<b>(319)</b>	<b>11,867</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

## 18 ANALYSIS OF NET ASSETS BETWEEN FUNDS

Fund balances at 31 August 2022 are represented by:

	Unrestricted Funds £'000	Pension Restricted Funds £'000	General Restricted Funds £'000	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed assets	-	-	-	12,985	12,985
Current assets	636	-	1,737	(96)	2,277
Current liabilities	-	-	(848)	-	(848)
Non-current liabilities	-	-	(10)	-	(10)
Pension scheme liability	-	(184)	-	-	(184)
	<u>636</u>	<u>(184)</u>	<u>879</u>	<u>12,889</u>	<u>14,220</u>

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

Fund balances at 31 August 2021 are represented by:

	Unrestricted Funds £'000	Pension Restricted Funds £'000	General Restricted Funds £'000	Fixed Assets Restricted Funds £'000	Total £'000
Tangible fixed assets	-	-	-	12,736	12,736
Current assets	554	-	1,401	72	2,027
Current liabilities	-	-	(872)	-	(872)
Non-current liabilities	-	-	(13)	-	(13)
Pension scheme liability	-	(2,011)	-	-	(2,011)
	<u>554</u>	<u>(2,011)</u>	<u>516</u>	<u>12,808</u>	<u>11,867</u>

## 19 CAPITAL COMMITMENTS

	2022 £'000	2021 £'000
Contracted for, but not provided in the financial statements	Nil	453
Authorised by governors, but not yet contracted	Nil	Nil

## 20 COMMITMENTS UNDER OPERATING LEASES

*Operating leases*

At 31 August 2022 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2022 £'000	2021 £'000
Operating leases which expire:		
. Within one year	28	74
. Within two to five years	46	65
	<u>74</u>	<u>139</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

## 21 RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022	2021
	£'000	£'000
Net income for the reporting period (as per the SOFA)	218	92
Adjusted for:		
Depreciation (note 12)	637	586
Surplus on disposal of motor vehicle	-	(1)
Capital grants from DfE and other capital income	(359)	(444)
Interest receivable	-	(1)
Defined benefit pension scheme cost less contributions payable (note 28)	273	182
Defined benefit pension scheme finance cost (note 28)	35	27
Decrease/(increase) in stock	3	(2)
Decrease/(increase) in debtors	3	(74)
(Decrease)/increase in creditors	(23)	350
<b>Net cash provided by operating activities</b>	<b>787</b>	<b>715</b>

## 22 CASH FLOWS FROM INVESTING ACTIVITIES

	2022	2021
	£'000	£'000
Interest received	-	1
Purchase of tangible fixed assets	(886)	(481)
Capital grants from DfE/ESFA	359	444
Receipts from sale of fixed assets	-	1
<b>Net cash used in investing activities</b>	<b>(527)</b>	<b>(35)</b>

## 23 CASH FLOWS FROM FINANCING ACTIVITIES

	2022	2021
	£'000	£'000
Repayments of borrowing	(4)	(5)
Cash inflows from new borrowing	-	-
<b>Net cash used in financing activities</b>	<b>(4)</b>	<b>(5)</b>

## 24 ANALYSIS OF CASH AND CASH EQUIVALENTS

	At 31 Aug	At 31 Aug
	2022	2021
	£'000	£'000
Cash in hand and at bank	2,117	1,861
<b>Total cash and cash equivalents</b>	<b>2,117</b>	<b>1,861</b>

## 25 ANALYSIS OF CHANGES IN NET DEBT

	At 1 September	Cash	At 31 Aug
	2021	Flows	2022
	£'000	£'000	£'000
Cash at bank	1,861	256	2,117
Overdraft	-	-	-
	<b>1,861</b>	<b>256</b>	<b>2,117</b>
Loans within one year	(5)	1	(4)
Loans within more than one year	(13)	3	(10)
	<b>1,843</b>	<b>260</b>	<b>2,103</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)****26 CONTINGENT LIABILITIES**

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Academy is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Academy serving notice, the Academy shall repay to the Secretary of State sums determined by reference to:

- a) the value at that time of the Academy's site and premises and other assets held for the purpose of the Academy; and
- b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

**27 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.

**28 PENSION AND SIMILAR OBLIGATIONS**

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

As described in note 27 the LGPS obligation relates to the employees of the Academy trust, 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 period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Academy trust at the balance sheet date.

The total pension cost to the Academy during the year ended 31 August 2022 was £1,264,000 (2021: £1,145,000) of which £783,000 (2021: £761,000) relates to the TPS and £481,000 (2021: £384,000) relates to LGPS.

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

Contributions amounting to £91,017 were payable to the schemes at 31 August 2022 (2021: £Nil) and are included within other creditors.

**Teachers' Pension Scheme****Introduction**

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)****28 PENSION AND SIMILAR OBLIGATIONS (cont'd)****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.

Academy trusts should disclose the total pension contributions payable to the Teachers' Pension Scheme during the period.

The employer's costs paid to TPS in the period amounted to £783,000 (2021: £761,000).

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

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

The LGPS is a funded defined benefit scheme, with the assets held in a separate trustee administered funds. The total contributions made for the year ended 31 August 2022 was £223,000 (2021: £223,000) of which employers contributions totalled £173,000 (2021: £175,000) and employees contributions totalled £50,000 (2021: £48,000). The agreed contributions for future years are 21.6% (2021: 22.6%) for employers and ranges from 5.5% to 9.9% (2021 : 5.5% to 9.9%) for employees.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

## 28 PENSION AND SIMILAR OBLIGATIONS (cont'd)

## Local Government Pension Scheme (cont'd)

## Principal Actuarial Assumptions

The major assumptions used by the actuary were:	2022 % per annum	2021 % per annum
Discount rate	4.3%	1.7%
Salary increases	3.9%	3.7%
Pension increase	3.1%	2.9%

Sensitivity analysis for the principal assumptions used to measure the scheme liabilities were as follows:

	2022 Approx £'000	2021 Approx £'000
Discount rate reduced by 0.1% per annum	66	110
Assumed pension increased by 0.1% per annum	59	95
Salary growth increased by 0.1% per annum	8	13

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

	2022 years	2021 years
Longevity at age 65 retiring today		
- Men	21.6	21.8
- Women	24.1	24.2
Longevity at age 65 retiring in 20 years		
- Men	22.7	23.0
- Women	25.9	26.1

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

	Fair value at 31 August 2022 £'000	Fair value at 31 August 2021 £'000
Equity instruments	1,488	1,477
Debt instruments	670	572
Property	273	262
Cash	50	71
<b>Total market value of assets</b>	<b>2,480</b>	<b>2,382</b>
<b>Present value of scheme liabilities</b>		
- Funded	(2,480)	(2,382)
- Unfunded	(184)	(2,011)
<b>Total liabilities</b>	<b>(2,664)</b>	<b>(4,393)</b>
<b>Deficit in the scheme</b>	<b>(184)</b>	<b>(2,011)</b>

The actual return on the scheme assets in the year was a deficit of £104,000 (2021: £454,000 surplus).

	2022 £'000	2021 £'000
<b>Amounts recognised in the Statement of Financial Activities</b>		
Current service cost	446	357
Interest income	(41)	(31)
Interest cost	76	58
<b>Total amount recognised in the SoFA</b>	<b>481</b>	<b>384</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)

## 28 PENSION AND SIMILAR OBLIGATIONS (cont'd)

## Changes in deficit during the period

	2022	2021
	£'000	£'000
Balance at 1 September 2021	2,011	1,483
Movement in year:		
- Employer service cost (net of employee contributions)	446	357
- Employer contributions	(173)	(175)
- Expected return on scheme assets	(41)	(31)
- Interest cost	76	58
- Actuarial (gain)/loss	(2,135)	319
<b>Deficit in the scheme at 31 August 2022</b>	<b><u>184</u></b>	<b><u>2,011</u></b>

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

	2022	2021
	£'000	£'000
Balance at 1 September 2021	4,393	3,209
Current service cost	446	357
Interest cost	76	58
Contributions by scheme participants	50	48
Benefits paid	(21)	(21)
Actuarial (gain)/loss	(2,280)	742
<b>Scheme liabilities at 31 August 2022</b>	<b><u>2,664</u></b>	<b><u>4,393</u></b>

## Changes in the fair value of academy's share of scheme assets:

	2022	2021
	£'000	£'000
Balance at 1 September 2021	2,382	1,726
Expected return on scheme assets	41	31
Actuarial (loss)/gain	(145)	423
Contributions by employer	173	175
Benefits paid	(21)	(21)
Contributions by scheme participants	50	48
<b>Fair value of scheme assets at 31 August 2022</b>	<b><u>2,480</u></b>	<b><u>2,382</u></b>

The estimated value of employer contributions for the year ended 31 August 2023 is £173,000 (2022: £175,000).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2022 (cont'd)****29 RELATED PARTY TRANSACTIONS**

Owing to the nature of the academy trust's operations and the composition of the board of trustees being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the requirements of the Academy Trust 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 trust's financial regulations and normal procurement procedures relating to connected and related party transactions. During the year ended 31 August 2022 there were no such transactions.

No related party transactions took place in the period of account, other than certain trustee's remuneration and expenses already disclosed in note 10.

**30 AGENCY ARRANGEMENTS**

The academy trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2022 the trust received £35,790 (2021: £32,544) and disbursed £25,664 (2021: £25,210) from the fund. £7,705 (2021: £4,744) is to be repaid to the ESFA. An amount of £43,499 (2021: £33,370) is included in other creditors relating to the undistributed funds that is repayable to the ESFA.

**31 EVENTS AFTER THE END OF THE REPORTING PERIOD**

There are no material adjusting or non adjusting events arising after the balance sheet date.