

**MUSCLIFF PRIMARY SCHOOL**  
**(A company limited by guarantee)**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**



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**MUSCLIFF PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS**

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<b>Members</b>	Z Read (resigned 13 September 2019) L Golborne T Farwell A Crossland (resigned 2 April 2019) V Ladbroke
<b>Trustees</b>	T Farwell, Chair of Trustees M Wyatt, Head Teacher (resigned 31 August 2019) S Fenby, Head Teacher (appointed 1 September 2019) L Golborne D Banks J Cartwright C Lovell L Andrews V Ladbroke Z Read A Crossland (resigned 14 November 2018)
<b>Company registered number</b>	09872386
<b>Principal and registered office</b>	Broadway Lane Throop Bournemouth Dorset BH8 0AB
<b>Accounting officer</b>	M Wyatt (resigned 31 August 2019) S Fenby (appointed 1 September 2019)
<b>Senior management team</b>	M Wyatt, Head Teacher (resigned 31 August 2019) E Huns, Deputy Head Teacher S Fenby, Deputy Head Teacher (until 31 August 2019), Headteacher (appointed 1 September 2019) B Lewis, Assistant Head Teacher (Appointed 1 September 2018) J Jackson-Taylor, Assistant Head Teacher (Appointed 1 September 2018) S Harrison, Assistant Head Teacher L Andrews, Assistant Head Teacher D Constant, School Business Manager
<b>Independent auditors</b>	Griffin Chartered Accountants Silverdown Office Park Exeter Airport Business Park Exeter EX5 2UX

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**MUSCLIFF PRIMARY SCHOOL**  
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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The trust operates an academy for pupils aged 4 to 11 serving a catchment area in Dorset. It has pupil capacity of 630 and had a roll of 619 in the school census on January 2019.

**Structure, governance and management**

**a. Constitution**

The academy is a charitable company limited by guarantee and an exempt charity.

The charitable company's Memorandum of Association is the primary governing document of the academy.

The Trustees of Muscliff Primary School are also the directors of the charitable company for the purposes of company law.

The Academy Trust is known as Muscliff Primary School and is part of the umbrella of Bournemouth Septenary Trust.

Details of the Trustees who served during the year, and to the date these accounts are approved are included in the Reference and administrative details on page 1.

**b. 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.

**c. Trustees' indemnities**

In accordance with normal commercial practice the trust has insurance in place to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The limit of this indemnity is £10,000,000 and this cover is provided as part of the Risk Protection Arrangement offered by the Education Funding Agency.

**d. Method of recruitment and appointment or election of Trustees**

The management of the academy is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

Article 45 of the Articles of Association state that the number of trustees shall not be less than three but shall not be subject to a maximum.

Subject to Articles 48-49 and 53, the Academy Trust shall have the following Trustees:  
up to six Trustees, appointed under Article 50; and a minimum of three Parent Trustees.

The Academy Trust may also have any Co-opted Trustee appointed under Article 58.

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**MUSCLIFF PRIMARY SCHOOL**  
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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Structure, governance and management (continued)**

**e. Policies adopted for the induction and training of Trustees**

The training and induction provided for new Trustees includes a tour of the Academy and a chance to meet staff and pupils. Trustees are made aware of training courses and conferences by the clerk to the governors and via Bournemouth CPD. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake in their role as a Trustee. As there are normally only one or two new Trustees a year, induction tends to be done informally and is tailored specifically to the individual.

**f. Organisational structure**

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

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

The SLT consists of the Head Teacher, Deputy Head Teachers, Assistant Head Teachers and the School Business Manager. The SLT controls the Academy at an executive level implementing the policies laid down by the Trustees and reporting back to them. The Head Teacher, the School Business Manager, and Finance Committee are responsible for the authorisation of spending within agreed budgets. The Head Teacher is responsible for the appointment of staff, though appointment panels for teaching posts always include a Trustee.

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

The Finance Committee, known as the Resources Management Committee, makes decisions on pay awards for all staff within the Academy. Teaching staff are currently in line with the national terms and conditions of pay as provided by the Department of Education. Support staff are also currently paid in line with national guidelines.

**h. TRADE UNION FACILITY TIME**

During the year ended 31 August 2019, no employees of the Academy Trust were relevant union officials.

**i. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS**

There are no related parties or sponsors which control Muscliff Primary School. However, the Academy is part of an umbrella trust and as such abides by the articles laid out by the Bournemouth Septenary Trust and is accountable to the board of the Bournemouth Septenary Trust. The Academy works closely with other members of the Umbrella Trust to share good practice and raise standards. There is a separate parent teacher association, Muscliff Parent Association (charity no.1074246), which from time to time contribute to the operations of the school.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Objectives and activities**

**a. Objects and aims**

The principal object and activity of the charitable company is the operation of Muscliff Primary School to provide education and care for pupils of different abilities between the ages of 4 and 11.

In accordance with the Articles of Association, the charitable company has adopted a Funding Agreement approved by the Secretary of State for Education. The Funding Agreement specifies, amongst other things: that the school has a curriculum satisfying the requirements of section 78 of EA 2002 (balanced and broadly based curriculum); that it provides education for pupils of different abilities; and that it provides education for pupils who are wholly or mainly drawn from the area in which the school is situated.

The Aims of the Academy during the year ended 31st August 2019 are summarised below:

At Muscliff Primary School we aim to maximise the progress of all of our children so that they become positive, caring, competent citizens and lifelong learners. In order to achieve this we:

- Place achievement within the reach of all children but, sometimes, we ask them to stand on tiptoe to get there.
- Recognise parents as the first educators of their children and affirm the importance of staff, parents, Trustees and the local community working in partnership to support the children's learning.
- Value work and develop a working atmosphere enabling children and adults to apply themselves to all tasks they engage in with self-confidence and independence.
- Nurture enthusiasm to learn and actively encourage fun, originality, imagination and a desire for knowledge.
- Interact in a caring way, irrespective of age, gender or other divisions encouraging our children to be rights respecting ambassadors.
- Learn to appreciate human achievements and aspirations where healthy competition is balanced by mutual support and respect.
- Seek to understand the world in which we live and to cherish and care for our environment, respecting and protecting the rights of others and meeting our responsibilities as global citizens.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Objectives and activities (continued)**

**b. Objectives, strategies and activities**

Key priorities for the year are contained in our school improvement plan which is available from the school office. Improvement foci identified for this year included:

**Key priority 1: Outcomes for pupils**

To continue to improve pupil outcomes and progress in all year groups, ensuring these are at least in line with national by end of EYFS, KS2 and KS2 (Expected and Greater Depth)

Actions include:

- English & Maths leads working with year groups on targeted CPD and planning
- Evidence based pupil progress meetings with year groups
- Monitoring 'drop off and gain'
- Monitoring progress of groups at key points during the year

**Key priority 2: Leadership and Management**

To ensure teaching across the school to be consistently good

Actions include:

- Providing high quality CPD
- Middle leaders role developed
- English & Maths lead modelling teaching and planning
- Dedicated leadership time

**Key priority 3: Quality of Teaching, Learning and Assessment**

To ensure teaching meets differing learning needs of pupils from their various starting points

Actions include:

- Focusing on those not yet working at Expected and HA pupils not yet working at Greater Depth
- Teachers learning from best practice
- Embed mastery, focus on 'keep up' sessions
- Focus on reading across school and writing (specifically boys)
- Consolidation of 'Maths No Problem'

**Key priority 4: Personal development, behaviour and welfare of pupils**

To improve the personal development, behaviour and welfare of pupils

Actions include:

- Embedding 'Ready Respectful Safe' behaviour approach
- Embedding growth mindset across school
- Behaviour team/ hub

**Key priority 5: Effectiveness of Early Years Provision**

To ensure the % of children achieving GLD continues to be in line with/ above national for all children/ specific groups

Actions include:

- Effective self-evaluation – precise assessments, targeted support
- Early intervention
- Boys' needs are met

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Objectives and activities (continued)**

**c. Public benefit**

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

**Strategic report**

**Achievements and performance**

**a. Achievements and Performance**

Unvalidated end of KS2 results:

Reading	Expected 79%	Greater Depth 39%
Writing	Expected 85%	Greater Depth 26%
Maths	Expected 84%	Greater Depth 34%
RWM	Expected 73%	Greater Depth 18%

Unvalidated end of KS1 results:

Reading	Expected 71%	Greater Depth 23%
Writing	Expected 70%	Greater Depth 19%
Maths	Expected 79%	Greater Depth 29%
RWM	Expected 59%	Greater Depth 14%

Y1 Phonics: 77%

End of Y2 Phonics: 93%

EYFS GLD: 77%

In October 2018 the school had a successful Ofsted inspection with a 'good' outcome.

**b. Going concern**

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the academy has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue 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 accounting policies.



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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Strategic report (continued)**

**Achievements and performance (continued)**

**c. Key Performance Indicators**

An Ofsted inspection was completed on 2nd October 2018, and following a dip in standards from the previous three years, the school reacted well and deployed like-minded leaders and teachers around the school to ensure that the pupils made the progress they should. The outcome of the report was a 'Good'. Ofsted identified some weaknesses but were satisfied that systems were in place to monitor the effectiveness of those improvements.

The report showed that KS2 reading standards had risen incrementally but were still not high enough. An English coordinator has been put in place to focus on increasing the standards.

Staffing Ratio: The cost of staffing salaries as a proportion of the total income (excluding capital) of the Academy is 88%

The capital expenditure was £3,787.

**d. Financial review**

Most of the academy's income is obtained from the Department for Education (DfE) via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2019 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

The academy also receives grants for fixed assets from the DfE which are shown in the Statement of Financial Activities as restricted income in the Fixed Asset Fund. The Restricted Fixed Asset fund balance is reduced by annual depreciation charges over the useful economic life of the assets concerned, as defined in the academy's accounting policies.

During the 12 months to 31 August 2019, the academy received total revenue income of £2,507,492 and incurred total expenditure of £2,518,630. Therefore, there was a deficit in the year of £11,138. The funds carried forward as unspent were £112,632 of unrestricted funds.

The academy has a deficit in the Local Government Pension Scheme in respect of its non teaching staff. The deficit is incorporated within the statement of Financial Activity with details in Note 21.

Key financial policies adopted in the year include the Financial Procedures and Scheme of Delegation, which sets out the framework for financial management, including financial responsibilities of the board, headteacher, senior leadership team and other staff, as well as delegated authority for spending. Other policies reviewed and updated where necessary included the reserves policy.

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Strategic report (continued)**

**(continued)**

**a. Reserves policy**

It is the Trust's view that there should be reserves to support Muscliff to achieve their outcomes for today's children and not hold reserves unnecessarily. The Trustees review the reserve levels of the Academy annually. The Trustees require Muscliff to work towards a reserve of one months' staffing cost. This, they believe, will give the school a working capital buffer and the ability to make decisions that meet the outcomes for the pupils both in the short term and longer term. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The Trustees take into consideration the future plans of the Academy, the uncertainty over future income streams and other key risks identified during the risk review.

The Trustees have determined that the appropriate level of free cash reserves should be approximately £70,000. 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 or to maintain staffing levels in the event of a reduction in funding. The Academy current levels of reserves (total funds less the amount held in fixed assets and restricted funds) is £112,632.

**b. Material Investments Policy**

Trustees are committed to ensuring that all funds under their control are managed in such a way to maximise return whilst minimising risk. Day-to-day management of any surplus funds is delegated to the Head Teacher within guidelines approved by the board.

**c. Principal risks and uncertainties**

The Trustees have considered the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy and its finances. The Trustees have implemented a number of systems to assess risks that the school faces, especially in operational areas (e.g. in relation to teaching, health & safety, SEND and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures and internal financial controls in order to minimise risk.

Where significant financial risk still remains they have ensured they have adequate insurance cover.

Major risks are:

- The need to ensure staffing levels remain at an acceptable level within the school budget
- Numbers of children needing high levels of support. Currently 10 EHCPs and another 7 being applied for
- Impact of an uncontrollable event, e.g. fire or flood

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**TRUSTEES' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**Fundraising**

The School has a parents association known as Muscliff Parents Association (MPA). It constantly strives to raise funds for school resources that would benefit the children of Muscliff in a responsible and ethical approach. It's two big fund raising events are the Summer Fete and the Christmas Fayre. The panel of parents acts independently and meets to discuss regular events and possible new ways of raising funds from new ideas.

Commercial participators are charged either a percentage of takings or a flat fee for participating in the Summer and Christmas fundraising events. Professional fundraisers have not been used due to the highly successful funding streams already in place.

All volunteers are unpaid except for expenses that may need reimbursement and the accounts are certified by an accountant. School staff have no involvement with the financial aspect of the accounts. Other fundraising activities such as a sponsored bounce are on a voluntary contribution basis with no minimum amounts being specified for children or adults to be raised.

The school has a local estate agent as its supporter who donates prizes for the two main fundraising events. Any complaints would be initially dealt with by the MPA committee and if necessary referred to the Senior Leadership Team if a resolution is not found.

No approach is made to the public or vulnerable people to donate funds as the MPA raises substantial funds through its planned events.

**Plans for future periods**

The school has a new Head Teacher (from September 2019) who was in post as Deputy Head at the school previously. This has ensured continuity of systems and processes as well as an ongoing review of all aspects of school life. The School Development Plan 2019-20 will focus on the review of the Curriculum and a review of teachers' workload as well as the continuing focus on ensuring high standards of attainment and progress across the school. Data from 2018-19 has been analysed and is being used to inform action plans.

**Funds held as custodian on behalf of others**

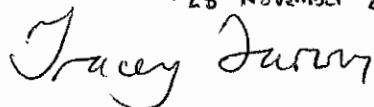
No funds are held as custodian on behalf of others.

**Disclosure of information to auditors**

Insofar as the Trustees are aware:

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

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

28 November 2019  


T Farwell  
Chair of Trustees

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**MUSCLIFF PRIMARY SCHOOL**  
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**GOVERNANCE STATEMENT**

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**Scope of responsibility**

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

The board of Trustees has delegated the day-to-day responsibility to the Head Teacher, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Muscliff Primary School and the Secretary of State for Education. They are also responsible for reporting to the board of Trustees any material weaknesses or breakdowns in internal control.

**Governance**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The board of Trustees has formally met 6 times during the year.

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

Trustee	Meetings attended	Out of a possible
T Farwell, Chair of Trustees	4	6
M Wyatt, Head Teacher	6	6
A Crossland	1	1
L Golborne	6	6
D Banks	6	6
J Cartwright	5	6
C Lovell	5	6
L Andrews	5	6
V Ladbroke	5	6
Z Read	1	6

Throughout the year, Trustees undertook their roles and responsibilities in the strategic management and monitoring of the school's work. Trustees have exercised the necessary degree of challenge and support required in their capacity to hold school leaders to account for improving outcomes for all pupils, including those who are disadvantaged. The board has also ensured that an appropriate set of policies and procedures are in place to provide assurance that public funds are being used correctly and good value for money is being achieved.

The Resources Management Committee is a sub-committee of the main board of Trustees. Its purpose is to exercise statutory duties and powers delegated by the full Board of Trustees as follows:

- To monitor spending, ensuring that the expenditure remains within the prescribed limits.
- To receive and, where appropriate, respond to any audit reports from the Council's Head of Financial Services
- To ensure the financial administration of the school conforms to any relevant Bournemouth Borough Council regulations and with due regard to probity.
- To ensure that the relevant financial returns are produced for LA, DfE and the Secretary of State as and when required.
- Review quotations on behalf of the Board according to agreed procedures.
- To arrange adequate insurance cover and make arrangements for the proper safeguarding of the school's assets.

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**MUSCLIFF PRIMARY SCHOOL**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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**Governance (continued)**

To advise the full Board of Trustees on the exercise of statutory duties and powers not delegated as follows:

- To consider the schools delegated budget and other income and prepare budget proposals for the Board to consider annually.
- To consider unplanned excess expenditure and make recommendations to the Board.
- To consider arrangements for charges and remissions to be made for school activities and recommend policies to Board.
- To recommend the level of delegated responsibility to the Head Teacher for the day to day financial management of the school.
- To provide guidance, support and assistance to the Head Teacher and Board of Trustees on all matters of finance and budgeting.
- To consider and report to the Board on the financial aspects of the School Improvement Plan.
- To receive and report to the Board on the activities of any unofficial funds.
- To review the cost implications of the school letting policy and advise of the charges.
- To receive audit reports on the official and unofficial funds and make appropriate recommendations to the Board.
- To authorise payments in excess of the Head Teacher's authority for the day to day management of the school.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
T Farwell	6	6
J Cartwright	1	6
V Ladbroke	6	6
A Crossland	3	6
D Banks	6	6

**Review of value for money**

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

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

- The School Business Manager's of the schools under the Septenary Trust Umbrella continue to meet once a month to discuss agenda items that include economies of scale and obtain best value, as either part of a group or through the sharing of best practice.

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**MUSCLIFF PRIMARY SCHOOL**  
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**GOVERNANCE STATEMENT (CONTINUED)**

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**Review of value for money (continued)**

- The school is constantly in need of repainting which normally happens during the summer period by contractors. The School Business Manager approached the wider community and asked for volunteers to come in and help paint the school. This was completed and saved the school a considerable amount of money.
- The school has started using Ebay to sell items no longer needed. This is in its infancy but is expected to bring in a small amount of money for the school.
- Two senior leaders have been using their leadership time to support and guide teachers in specific areas of Maths and English. This has shown that educational outcomes have been improved by benchmarking against previous results in each cohort.

**The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Muscliff Primary School for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

**Capacity to handle risk**

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks that has been in place for the year 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of Trustees.

**The risk and control framework**

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

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

The Board of Trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees have appointed Griffin, the external auditors, to perform additional checks.

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**GOVERNANCE STATEMENT (CONTINUED)**

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**The risk and control framework (continued)**

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

- Purchases and cash payments
- Payroll
- Income and cash receipts
- Fixed assets
- Budgeting and financial monitoring
- Regularity
- Governance
- Risk management

On a quarterly basis, the external auditors report to the board of Trustees through the audit committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities.

**Review of effectiveness**

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

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

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

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

  
T Farwell  
Chair of Trustees

128 November 2019

  
S Fenby  
Accounting Officer

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**MUSCLIFF PRIMARY SCHOOL**  
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**STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE**

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As accounting officer of Muscliff Primary School I have considered my responsibility to notify the Academy Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy, under the funding agreement in place between the Academy and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2018.

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

  
S Fenby  
Accounting Officer  
Date: 23/11/19



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**MUSCLIFF PRIMARY SCHOOL**  
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**STATEMENT OF TRUSTEES' RESPONSIBILITIES**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

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

<sup>^</sup> 28 November 2019



T Farwell  
Chair of Trustees

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**MUSCLIFF PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
MUSCLIFF PRIMARY SCHOOL**

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**Opinion**

We have audited the financial statements of Muscliff Primary School (the 'academy') for the year ended 31 August 2019 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

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

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**MUSCLIFF PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
MUSCLIFF PRIMARY SCHOOL (CONTINUED)**

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**Other information**

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

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**MUSCLIFF PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
MUSCLIFF PRIMARY SCHOOL (CONTINUED)**

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**Responsibilities of trustees**

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

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

**Auditors' responsibilities for the audit of the financial statements**

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

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

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**MUSCLIFF PRIMARY SCHOOL**  
**(A company limited by guarantee)**

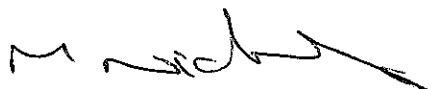
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**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF  
MUSCLIFF PRIMARY SCHOOL (CONTINUED)**

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**Use of our report**

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



Misty Nickells FCA (Senior statutory auditor)

for and on behalf of

**Griffin**

Chartered Accountants  
Statutory Auditor

Silverdown Office Park  
Exeter Airport Business Park  
Exeter  
EX5 2UX

Date: 28 November 2019

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**MUSCLIFF PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO MUSCLIFF  
PRIMARY SCHOOL AND THE EDUCATION & SKILLS FUNDING AGENCY**

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In accordance with the terms of our engagement letter dated 09 August 2018 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Muscliff Primary School during the year 1 September 2018 to 31 August 2019 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 Muscliff Primary School and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Muscliff Primary School and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Muscliff Primary School and ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of Muscliff Primary School's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of Muscliff Primary School's funding agreement with the Secretary of State for Education dated 1 December 2015 and the Academies Financial Handbook, extant from 1 September 2018, 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 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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**MUSCLIFF PRIMARY SCHOOL**  
(A company limited by guarantee)

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

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**Conclusion**

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



**Misty Nickells FCA**

**Griffin**

Silverdown Office Park  
Exeter Airport Business Park  
Exeter  
EX5 2UX

Date: 28 November 2019

**MUSCLIFF PRIMARY SCHOOL**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	Unrestricted funds 2019 £	Restricted funds 2019 £	Restricted fixed asset funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>Income from:</b>						
Donations and capital grants	3	33,085	-	33,373	66,458	46,239
Charitable activities		6,868	2,376,259	-	2,383,127	2,178,273
Other trading activities		91,100	-	-	91,100	88,306
Investments	6	180	-	-	180	169
<b>Total income</b>		<b>131,233</b>	<b>2,376,259</b>	<b>33,373</b>	<b>2,540,865</b>	<b>2,312,987</b>
<b>Expenditure on:</b>						
Raising funds		96,327	-	-	96,327	65,354
Charitable activities		46,044	2,571,259	139,196	2,756,499	2,596,893
<b>Total expenditure</b>		<b>142,371</b>	<b>2,571,259</b>	<b>139,196</b>	<b>2,852,826</b>	<b>2,662,247</b>
<b>Net movement in funds before other recognised gains/(losses)</b>		<b>(11,138)</b>	<b>(195,000)</b>	<b>(105,823)</b>	<b>(311,961)</b>	<b>(349,260)</b>
<b>Other recognised gains/(losses):</b>						
Actuarial losses on defined benefit pension schemes	21	-	(189,000)	-	(189,000)	257,000
<b>Net movement in funds</b>		<b>(11,138)</b>	<b>(384,000)</b>	<b>(105,823)</b>	<b>(500,961)</b>	<b>(92,260)</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		123,770	(1,324,000)	7,212,610	6,012,380	6,104,640
Net movement in funds		(11,138)	(384,000)	(105,823)	(500,961)	(92,260)
<b>Total funds carried forward</b>		<b>112,632</b>	<b>(1,708,000)</b>	<b>7,106,787</b>	<b>5,511,419</b>	<b>6,012,380</b>

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

The notes on pages 25 to 47 form part of these financial statements.



**MUSCLIFF PRIMARY SCHOOL**  
**(A company limited by guarantee)**  
**REGISTERED NUMBER: 09872386**

**BALANCE SHEET**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Tangible assets	13	7,077,368	7,212,610
		<u>7,077,368</u>	<u>7,212,610</u>
<b>Current assets</b>			
Debtors	14	36,953	48,332
Cash at bank and in hand		282,614	222,266
		<u>319,567</u>	<u>270,598</u>
Creditors: amounts falling due within one year	15	(177,516)	(146,828)
<b>Net current assets</b>		<u>142,051</u>	<u>123,770</u>
<b>Total assets less current liabilities</b>		<u>7,219,419</u>	<u>7,336,380</u>
<b>Net assets excluding pension liability</b>		<u>7,219,419</u>	<u>7,336,380</u>
Defined benefit pension scheme liability	21	(1,708,000)	(1,324,000)
<b>Total net assets</b>		<u><u>5,511,419</u></u>	<u><u>6,012,380</u></u>
<b>Funds of the academy</b>			
<b>Restricted funds:</b>			
Fixed asset funds	16	7,106,787	7,212,610
Restricted funds excluding pension asset	16	7,106,787	7,212,610
Pension reserve	16	(1,708,000)	(1,324,000)
<b>Total restricted funds</b>	16	<u>5,398,787</u>	<u>5,888,610</u>
<b>Unrestricted income funds</b>	16	<u>112,632</u>	<u>123,770</u>
<b>Total funds</b>		<u><u>5,511,419</u></u>	<u><u>6,012,380</u></u>

The financial statements on pages 22 to 47 were approved by the Trustees, and authorised for issue on and are signed on their behalf, by:

126 November  
2019

*T Farwell*

T Farwell  
Chair of Trustees

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**MUSCLIFF PRIMARY SCHOOL**  
(A company limited by guarantee)

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Net cash provided by/(used in) operating activities	18	<b>30,749</b>	<i>(41,524)</i>
<b>Cash flows from investing activities</b>	19	<b>29,599</b>	<i>2,085</i>
<b>Change in cash and cash equivalents in the year</b>		<b>60,348</b>	<i>(39,439)</i>
Cash and cash equivalents at the beginning of the year		<b>222,266</b>	<i>261,705</i>
<b>Cash and cash equivalents at the end of the year</b>	20	<u><b>282,614</b></u>	<u><i>222,266</i></u>

The notes on pages 25 to 47 form part of these financial statements

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**MUSCLIFF PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies**

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

**1.1 Basis of preparation of financial statements**

The financial statements of the academy, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Muscliff Primary School meets the definition of a public benefit entity under FRS 102.

**1.2 Going concern**

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

**1.3 Income**

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

- **Grants**

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

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

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

- **Sponsorship income**

Sponsorship income provided to the academy which amounts to a donation is recognised in the Statement of financial activities in the year in which it is receivable (where there are no performance-related conditions) where receipt is probable and it can be measured reliably.

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**MUSCLIFF PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies (continued)**

**1.3 Income (continued)**

- **Donations**

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

- **Other income**

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

**1.4 Expenditure**

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

- **Expenditure on raising funds**

This includes all expenditure incurred by the academy 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's educational operations, including support costs and costs relating to the governance of the academy apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

**1.5 Interest receivable**

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

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**MUSCLIFF PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies (continued)**

**1.6 Tangible fixed assets**

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

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

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

Depreciation is provided on the following bases:

Land	- 125 years straight line
Long-term leasehold property	- 50 years straight line
Furniture and equipment	- 10% straight line
Computer equipment	- 25% straight line

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

**1.7 Debtors**

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

**1.8 Cash at bank and in hand**

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

**1.9 Liabilities**

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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**MUSCLIFF PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**1. Accounting policies (continued)**

**1.10 Financial instruments**

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

*Financial assets* - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 14. Prepayments are not financial instruments. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment. Cash at bank is classified as a basic financial instrument and is measured at face value.

*Financial liabilities* - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to the academy's wholly owned subsidiary are held at face value less any impairment.

**1.11 Operating leases**

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

**MUSCLIFF PRIMARY SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**2. Critical accounting estimates and areas of judgment**

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

Critical accounting estimates and assumptions:

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 21, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of judgment:

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

**3. Income from donations and capital grants**

	<b>Unrestricted funds 2019 £</b>	<b>Restricted funds 2019 £</b>	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Donations	33,085	167	<b>33,252</b>	35,523
Capital Grants	-	33,206	<b>33,206</b>	10,716
	<u>33,085</u>	<u>33,373</u>	<u><b>66,458</b></u>	<u>46,239</u>
<i>Total 2018</i>	<u>26,723</u>	<u>19,516</u>	<u><b>46,239</b></u>	

**MUSCLIFF PRIMARY SCHOOL**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**4. Funding for the academy's education**

	Unrestricted funds 2019 £	Restricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>DfE/ESFA grants</b>				
General Annual Grant	-	2,065,501	<b>2,065,501</b>	1,798,284
Other DfE/ESFA Grants	-	124,720	<b>124,720</b>	118,466
Pupil Premium	-	129,746	<b>129,746</b>	128,665
	-	2,319,967	<b>2,319,967</b>	2,045,415
<b>Other government grants</b>				
Special Educational Needs	-	37,123	<b>37,123</b>	48,805
Other government grants non capital	-	19,169	<b>19,169</b>	78,194
	-	56,292	<b>56,292</b>	126,999
<b>Other funding</b>				
Other income from the academy trust's educational operations	6,868	-	<b>6,868</b>	5,859
	6,868	2,376,259	<b>2,383,127</b>	2,178,273
<b>Total 2018</b>	<b>5,859</b>	<b>2,172,414</b>	<b>2,178,273</b>	

**5. Income from other trading activities**

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Hire of facilities	14,485	<b>14,485</b>	13,113
Other	76,615	<b>76,615</b>	75,193
	91,100	<b>91,100</b>	88,306



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**6. Investment income**

	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
Bank interest	180	180	169

**7. Expenditure**

	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £	Total 2018 £
Expenditure on fundraising trading activities:					
Direct costs	43,011	-	53,316	96,327	65,354
Education:					
Direct costs	1,851,774	111,056	62,486	2,025,316	1,860,837
Support costs	443,829	140,566	146,788	731,183	736,056
	<u>2,338,614</u>	<u>251,622</u>	<u>262,590</u>	<u>2,852,826</u>	<u>2,662,247</u>
<i>Total 2018</i>	<u>2,148,181</u>	<u>254,172</u>	<u>259,894</u>	<u>2,662,247</u>	

**8. Analysis of expenditure by activities**

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £	Total funds 2018 £
Education	2,025,316	731,183	2,756,499	2,596,893
<i>Total 2018</i>	<u>1,860,837</u>	<u>736,056</u>	<u>2,596,893</u>	

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**8. Analysis of expenditure by activities (continued)**

**Analysis of direct costs**

	<b>Education 2019 £</b>	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Staff costs	1,832,775	<b>1,832,775</b>	1,636,154
Depreciation	119,512	<b>119,512</b>	114,128
Educational Supplies	32,550	<b>32,550</b>	31,089
Other Costs	13,965	<b>13,965</b>	14,355
Supply Teachers	18,999	<b>18,999</b>	51,496
Recruitment and Other staff Costs	5,647	<b>5,647</b>	10,956
Technology costs	1,868	<b>1,868</b>	2,659
	<u>2,025,316</u>	<u><b>2,025,316</b></u>	<u>1,860,837</u>

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**8. Analysis of expenditure by activities (continued)**

**Analysis of support costs**

	<b>Education 2019 £</b>	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Pension income	33,000	<b>33,000</b>	38,000
Staff costs	443,829	<b>443,829</b>	422,837
Depreciation	19,684	<b>19,684</b>	31,144
Other Costs	1,674	<b>1,674</b>	3,384
Maintenance of premises and equipment	31,275	<b>31,275</b>	37,885
Cleaning	39,180	<b>39,180</b>	37,205
Rent and rates	25,514	<b>25,514</b>	26,693
Heat and light	24,913	<b>24,913</b>	21,725
Insurance	12,500	<b>12,500</b>	11,800
Security and transport	2,491	<b>2,491</b>	7,325
Catering	36,183	<b>36,183</b>	34,977
Technology costs	21,152	<b>21,152</b>	17,011
Office overheads	21,048	<b>21,048</b>	22,691
Legal and professional	15,790	<b>15,790</b>	20,604
Governance costs	2,950	<b>2,950</b>	2,775
	<u>731,183</u>	<u><b>731,183</b></u>	<u>736,056</u>

**9. Net expenditure**

Net expenditure for the year includes:

	<b>2019 £</b>	<i>2018 £</i>
Operating lease rentals	<b>3,300</b>	13,300
Depreciation of tangible fixed assets	<b>139,196</b>	145,272
Fees paid to auditors for:		
- audit	<b>2,850</b>	2,850
- other services	<b>1,895</b>	1,895

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 2019**

**10. Staff costs**

**a. Staff costs**

Staff costs during the year were as follows:

	2019 £	2018 £
Wages and salaries	1,755,422	1,573,667
Social security costs	132,755	115,906
Pension costs	431,438	407,112
	<u>2,319,615</u>	<u>2,096,685</u>
Agency staff costs	18,999	51,496
	<u><u>2,338,614</u></u>	<u><u>2,148,181</u></u>

**b. Staff numbers**

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

	2019 No.	2018 No.
Teachers	29	32
Administration and Support	75	74
Management	3	5
	<u>107</u>	<u>111</u>

The average headcount expressed as full-time equivalents was:

	2019 No.	2018 No.
Teachers	21	24
Administration and support	36	34
Management	3	3
	<u>60</u>	<u>61</u>

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**10. Staff costs (continued)**

**c. Higher paid staff**

No employee received remuneration amounting to more than £60,000 in either year.

**d. Key management personnel**

The key management personnel of the academy trust comprise the senior management team as listed on page 1. The total of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £404,038 (2018: £341,106).

**11. Trustees' remuneration and expenses**

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

		<b>2019</b>	<b>2018</b>
		<b>£</b>	<b>£</b>
M Wyatt , Head Teacher (resigned 31 August 2019)	Remuneration	<b>45,000 -</b>	<b>40,000 -</b>
		<b>50,000</b>	<b>45,000</b>
	Pension contributions paid	<b>0 - 5,000</b>	<b>5,000 -</b>
			<b>10,000</b>
L Andrews	Remuneration	<b>45,000 -</b>	<b>45,000 -</b>
		<b>50,000</b>	<b>50,000</b>
	Pension contributions paid	<b>5,000 -</b>	<b>5,000 -</b>
		<b>10,000</b>	<b>10,000</b>

During the year ended 31 August 2019, no Trustee expenses have been incurred (2018 - £NIL).

**12. 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 £10,000,000 on any one claim and the cost for the year ended 31 August 2019 was £12,500 (2018 - £11,800). The cost of this insurance is included in the total insurance cost.

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**13. Tangible fixed assets**

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 September 2018	7,576,000	27,342	42,746	7,646,088
Additions	3,787	-	167	3,954
At 31 August 2019	<u>7,579,787</u>	<u>27,342</u>	<u>42,913</u>	<u>7,650,042</u>
<b>Depreciation</b>				
At 1 September 2018	391,992	8,943	32,543	433,478
Charge for the year	130,740	2,981	5,475	139,196
At 31 August 2019	<u>522,732</u>	<u>11,924</u>	<u>38,018</u>	<u>572,674</u>
<b>Net book value</b>				
At 31 August 2019	<u>7,057,055</u>	<u>15,418</u>	<u>4,895</u>	<u>7,077,368</u>
At 31 August 2018	<u>7,184,008</u>	<u>18,399</u>	<u>10,203</u>	<u>7,212,610</u>

**14. Debtors**

	2019 £	2018 £
<b>Due within one year</b>		
Trade debtors	2,624	7,507
Other debtors	7,254	11,263
Prepayments and accrued income	27,075	29,562
	<u>36,953</u>	<u>48,332</u>

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**15. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	39,144	19,481
Other taxation and social security	33,202	28,632
Other creditors	32,985	29,318
Accruals and deferred income	72,185	69,397
	<u>177,516</u>	<u>146,828</u>
	2019 £	2018 £
<b>Deferred Income</b>		
Deferred income at 1 September 2018	66,597	65,141
Resources deferred during the year	69,285	66,597
Amounts released from previous periods	(66,597)	(65,141)
	<u>69,285</u>	<u>66,597</u>

At the balance sheet date the academy was holding funds received in advance of the 2019/20 financial year.

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2019 £
<b>Unrestricted funds</b>					
General Funds	123,770	131,233	(142,371)	-	112,632
<b>Restricted general funds</b>					
General Annual Grant	-	2,065,501	(2,065,501)	-	-
Pupil Premium	-	129,746	(129,746)	-	-
Higher Needs	-	37,123	(37,123)	-	-
Other DFE/ESFA Grants	-	124,720	(124,720)	-	-
Local Authority grants	-	19,169	(19,169)	-	-
Pension reserve	(1,324,000)	-	(195,000)	(189,000)	(1,708,000)
	<u>(1,324,000)</u>	<u>2,376,259</u>	<u>(2,571,259)</u>	<u>(189,000)</u>	<u>(1,708,000)</u>
<b>Restricted fixed asset funds</b>					
Transferred on conversion	7,202,682	-	(135,256)	-	7,067,426
DFE/ESFA capital grants	2,589	33,206	(1,329)	-	34,466
Transfer from GAG	737	-	(369)	-	368
Other Grant	6,602	-	(2,200)	-	4,402
Capital donations	-	167	(42)	-	125
	<u>7,212,610</u>	<u>33,373</u>	<u>(139,196)</u>	<u>-</u>	<u>7,106,787</u>
<b>Total Restricted funds</b>	<u>5,888,610</u>	<u>2,409,632</u>	<u>(2,710,455)</u>	<u>(189,000)</u>	<u>5,398,787</u>
<b>Total funds</b>	<u>6,012,380</u>	<u>2,540,865</u>	<u>(2,852,826)</u>	<u>(189,000)</u>	<u>5,511,419</u>



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**16. Statement of funds (continued)**

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

**General Annual Grant (GAG)**

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

**Pupil Premium**

Funding received from the ESFA for children that qualify for free school meals to enable the Academy to address the current underlying inequalities between those children and their wealthier peers.

**Higher Needs funding**

Income received from the Local Authority to fund further support for pupils with additional needs.

**Other revenue grants include:**

Universal Infant Free School Meals income provided by the ESFA to fund a free school meal to every pupil in reception and years 1 and 2.

**Pension Reserve**

The Academy's share of the assets and liabilities in the Local Government Pension Scheme. This is currently in deficit due to an excess of scheme liabilities over scheme assets which was inherited on conversion to an Academy.

**Fixed assets transferred on conversion**

The represents the buildings and equipment donated to the school from the Dioceses of Portsmouth and Winchester and Local Authority on conversion to an Academy.

**DfE/ESFA capital grants**

Devolved Formula Capital funding from the ESFA to cover the maintenance and purchase of the Academy's assets.

**Swimming pool fund**

Funds raised for the refurbishment of the swimming pool.

Under the funding agreement with the Secretary of State, the Academy was not subject to a limit on the amount of GAG it could carry forward at 31 August 2019.

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**16. Statement of funds (continued)**

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

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
<b>Unrestricted funds</b>						
General Funds	93,195	121,057	(90,482)	-	-	123,770
<b>Restricted general funds</b>						
General Annual Grant (GAG)	49,363	1,798,284	(1,858,363)	10,716	-	-
Pupil Premium	-	128,665	(128,665)	-	-	-
Higher Needs	-	48,805	(48,805)	-	-	-
Other DFE/ESFA grants	-	118,466	(118,466)	-	-	-
Local Authority grants	-	78,194	(78,194)	-	-	-
Pension reserve	(1,387,000)	-	(194,000)	-	257,000	(1,324,000)
	<u>(1,337,637)</u>	<u>2,172,414</u>	<u>(2,426,493)</u>	<u>10,716</u>	<u>257,000</u>	<u>(1,324,000)</u>
<b>Restricted fixed asset funds</b>						
Transfer on conversion	7,344,132	-	(141,450)	-	-	7,202,682
DFE/ESFA capital grants	3,844	10,716	(1,253)	(10,716)	-	2,591
Transfer from GAG	1,106	-	(369)	-	-	737
Capital donations	-	8,800	(2,200)	-	-	6,600
	<u>7,349,082</u>	<u>19,516</u>	<u>(145,272)</u>	<u>(10,716)</u>	<u>-</u>	<u>7,212,610</u>
<b>Total Restricted funds</b>	<u>6,011,445</u>	<u>2,191,930</u>	<u>(2,571,765)</u>	<u>-</u>	<u>257,000</u>	<u>5,888,610</u>

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

	<i>Balance at 1 September 2017 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 August 2018 £</i>
<b>Total funds</b>	<b>6,104,640</b>	<b>2,312,987</b>	<b>(2,662,247)</b>	<b>-</b>	<b>257,000</b>	<b>6,012,380</b>

**17. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	<b>Unrestricted funds 2019 £</b>	<b>Restricted funds 2019 £</b>	<b>Restricted fixed asset funds 2019 £</b>	<b>Total funds 2019 £</b>
Tangible fixed assets	-	-	7,077,368	<b>7,077,368</b>
Current assets	290,148	-	29,419	<b>319,567</b>
Creditors due within one year	(177,516)	-	-	<b>(177,516)</b>
Provisions for liabilities and charges	-	(1,708,000)	-	<b>(1,708,000)</b>
<b>Total</b>	<b>112,632</b>	<b>(1,708,000)</b>	<b>7,106,787</b>	<b>5,511,419</b>

**Analysis of net assets between funds - prior year**

	<i>Unrestricted funds 2018 £</i>	<i>Restricted funds 2018 £</i>	<i>Restricted fixed asset funds 2018 £</i>	<i>Total funds 2018 £</i>
Tangible fixed assets	-	-	7,212,610	<b>7,212,610</b>
Current assets	270,598	-	-	<b>270,598</b>
Creditors due within one year	(146,828)	-	-	<b>(146,828)</b>
Provisions for liabilities and charges	-	(1,324,000)	-	<b>(1,324,000)</b>
<b>Total</b>	<b>123,770</b>	<b>(1,324,000)</b>	<b>7,212,610</b>	<b>6,012,380</b>

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**18. Reconciliation of net expenditure to net cash flow from operating activities**

	2019 £	2018 £
Net expenditure for the year (as per Statement of financial activities)	<b>(311,961)</b>	<b>(349,260)</b>
<b>Adjustments for:</b>		
Depreciation	<b>139,196</b>	145,272
Capital grants from DfE and other capital income	<b>(33,373)</b>	(10,716)
Dividends, Interest and rents from investments	<b>(180)</b>	(169)
Defined benefit pension scheme cost less contributions payable	<b>162,000</b>	156,000
Defined benefit pension scheme finance cost	<b>33,000</b>	38,000
Decrease/(increase) in debtors	<b>11,379</b>	(11,408)
Decrease in creditors	<b>30,688</b>	(9,243)
<b>Net cash provided by/(used in) operating activities</b>	<b>30,749</b>	<b>(41,524)</b>

**19. Cash flows from investing activities**

	2019 £	2018 £
Dividends, interest and rents from investments	<b>180</b>	169
Purchase of tangible fixed assets	<b>(3,954)</b>	(8,800)
Capital grants from DfE Group	<b>33,373</b>	10,716
<b>Net cash provided by investing activities</b>	<b>29,599</b>	<b>2,085</b>

**20. Analysis of cash and cash equivalents**

	2019 £	2018 £
Cash in hand	<b>282,614</b>	222,266
<b>Total cash and cash equivalents</b>	<b>282,614</b>	222,266

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**21. Pension commitments**

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £32,388 were payable to the schemes at 31 August 2019 (2018 - £29,209) and are included within creditors.

**Teachers' Pension Scheme**

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

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

**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. 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 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

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**21. Pension commitments (continued)**

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

The employer's pension costs paid to TPS in the year amounted to £213,578 (2018 - £192,564).

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

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

**Local Government Pension Scheme**

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £170,000 (2018 - £157,000), of which employer's contributions totalled £130,000 (2018 - £122,000) and employees' contributions totalled £ 40,000 (2018 - £37,000). The agreed contribution rates for future years are 15.9 per cent for employers and 5.5 - 6.8 per cent for employees.

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

**Principal actuarial assumptions**

	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
Rate of increase in salaries	<b>3.70</b>	3.80
Rate of increase for pensions in payment/inflation	<b>2.20</b>	2.30
Discount rate for scheme liabilities	<b>1.85</b>	2.65
Inflation assumption (CPI)	<b>2.20</b>	2.30

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

	<b>2019</b>	<b>2018</b>
	<b>Years</b>	<b>Years</b>
<i>Retiring today</i>		
Males	<b>22.9</b>	24.0
Females	<b>24.8</b>	26.1
<i>Retiring in 20 years</i>		
Males	<b>24.6</b>	26.3
Females	<b>26.6</b>	28.5

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**21. Pension commitments (continued)**

**Sensitivity analysis**

	2019 £000	2018 £000
Discount rate +0.1%	(72)	(57)
Discount rate -0.1%	74	58
Mortality assumption - 1 year increase	112	83
Mortality assumption - 1 year decrease	(108)	(80)
CPI rate +0.1%	66	52
CPI rate -0.1%	(64)	(51)

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

	At 31 August 2019 £	At 31 August 2018 £
Equities	693,000	617,000
Gilts	177,000	142,000
Corporate bonds	96,000	78,000
Property	141,000	115,000
Cash and other liquid assets	35,000	10,000
Investment funds	79,000	68,000
Asset backed securities	62,000	52,000
Infrastructure	71,000	48,000
<b>Total market value of assets</b>	<b>1,354,000</b>	<b>1,130,000</b>

The actual return on scheme assets was £102,000 (2018 - £24,000).

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

	2019 £	2018 £
Current service cost	(291,000)	(277,000)
Admin expenses	(1,000)	(1,000)
Interest income	32,000	24,000
Interest cost	(65,000)	(62,000)
<b>Total amount recognised in the Statement of financial activities</b>	<b>(325,000)</b>	<b>(316,000)</b>

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**21. Pension commitments (continued)**

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

	2019 £	2018 £
<b>At 1 September</b>	<b>2,454,000</b>	<b>2,411,000</b>
Interest cost	65,000	62,000
Employee contributions	40,000	37,000
Actuarial losses/(gains)	259,000	(257,000)
Benefits paid	(47,000)	(76,000)
Past service costs	30,000	-
Current service cost	261,000	277,000
<b>At 31 August</b>	<b>3,062,000</b>	<b>2,454,000</b>

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

	2019 £	2018 £
<b>At 1 September</b>	<b>1,130,000</b>	<b>1,024,000</b>
Interest income	32,000	24,000
Actuarial gains	70,000	-
Employer contributions	130,000	122,000
Employee contributions	40,000	37,000
Benefits paid	(47,000)	(76,000)
Administrative expenses	(1,000)	(1,000)
<b>At 31 August</b>	<b>1,354,000</b>	<b>1,130,000</b>

**22. Operating lease commitments**

At 31 August 2019 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Within 1 year	3,300	13,200
Between 1 and 5 years	-	3,300
	<b>3,300</b>	<b>16,500</b>



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**MUSCLIFF PRIMARY SCHOOL**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2019**

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**23. 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.

**24. Related party transactions**

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. No related party transactions took place in the financial period.