

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020



MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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MUSCLIFF PRIMARY SCHOOL
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	V Ladbroke L Golborne T Farwell
Trustees	T Farwell, Chair of Trustees S Fenby, Head Teacher (appointed 1 November 2019) L Golborne D Banks J Cartwright C Lovell (resigned 15 July 2020) L Andrews V Ladbroke Z Read (resigned 11 June 2020) A Zaremba (appointed 13 February 2020)
Company registered number	09872386
Principal and registered office	Broadway Lane Throop Bournemouth Dorset BH8 0AB
Accounting officer	S Fenby (Appointed 1 September 2019)
Senior management team	S Fenby, Head Teacher (Appointed 1 September 2019) E Huns, Deputy Head Teacher B Lewis, Assistant Head Teacher J Jackson-Taylor, Assistant Head Teacher (Resigned 31 August 2020) S Harrison, Assistant Head Teacher L Andrews, Assistant Head Teacher D Constant, School Business Manager (Resigned 31 August 2020) P Harvey, School Business Manager (Appointed 1 September 2020)
Independent auditors	Griffin Chartered Accountants Silverdown Office Park Exeter Airport Business Park Exeter EX5 2UX

MUSCLIFF PRIMARY SCHOOL
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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the financial statements and auditors' report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

The trust operates an academy for pupils aged 4 to 11 serving a catchment area in Dorset. It has pupil capacity of 630 and had a roll of 623 in the school census on 24 January 2020.

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 and Skills Funding Agency.

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

Structure, governance and management (continued)

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.

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.

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

Structure, governance and management (continued)

h. CONNECTED ORGANISATIONS, INCLUDING RELATED PARTY RELATIONSHIPS

David Banks – Director of Septenary Trust

Tracey Farwell – CFO TEACH Poole (including Poole SCITT)

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.

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 2020 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 2020

Objectives and activities (continued)

b. Objectives, strategies and activities

Key priorities for the year are contained in our School Development Plan. Improvement foci for the 2020-21 year include:

1. Outcomes for pupils
Establish gaps & put plans in place
Focus on Reading in KS1
Attainment and progress of all children
2. Leadership and Management
Well-being and workload
Governor support and challenge
Support (mentoring/ coaching) for NQTs
Professional growth/ CPD for all staff
Review ways of working – managing COVID, risk assessments
3. Quality of Teaching, Learning and Assessment
Curriculum review – continuing from last year
Review of practice – verbal feedback, effective T&L
Remote learning plan
4. Personal development, behaviour and welfare of pupils
Role of Behaviour team & use of new room in supporting specific children
SEND / vulnerable children – needs met throughout COVID
5. Effectiveness of Early Years Provision
Reading, phonics
Early adopter framework

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

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.

The Trustees have considered the Charity Commissions guidance on Public Benefit. The key public benefit delivered by the school is the maintenance and development of high quality education.

In doing this, the school not only offers a broadly balanced academic education but aims to educate the whole individual by:

- Promoting the spiritual, moral and cultural development of its pupils through a careful relevant programme/scheme of work.
- Preparing the pupils for the opportunities and responsibilities of later life through a very wide and engaging programme of extra- curricular activity, including residential visits and trips. Many of these are offered and undertaken without charge.
- Providing training and qualification of new teachers into the profession.

Strategic report

Achievements and performance

a. Achievements and Performance

In September 2019, school data was analysed and targets set for every child (and cohort) and progress towards these proceeded as normal. Unfortunately, school had to close to all children except those of key workers in March 2020 due to the COVID-19 pandemic.

Staff worked swiftly to ensure children could access appropriate work at home through our school website and this continued throughout lockdown. Children of key workers attended school and in June we welcomed back Reception, Year 1 and Year 6 children. We were also able to provide each child across school with an opportunity to come into school for two days before the Summer break in order to support the transition from lockdown and into their new year group.

SATS tests and assessments were cancelled by the Government so there is no performance data to share this year. Since September when we welcomed all children back, teachers have been working on identifying and addressing any gaps in learning in order to ensure children are able make progress towards their 2020-21 age related expectations.

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 2020

Strategic report (continued)

Achievements and performance (continued)

c. Key Performance Indicators

An Ofsted inspection was completed on 02 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 would still remain to be a focus for the school.

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

d. Financial review

Most of the academy's income is obtained from the Department of Education (DfE) via the Education Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ended 31 August 2020 and the associated expenditure are shown as Restricted Funds in the Statement of Financial Activities.

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

During the 12 months to 31 August 2020, the academy received total revenue income of £2,646,992 and incurred total expenditure of £2,620,555. Therefore, there was a surplus in the year of £26,436. The funds carried forward as unspent were £139,068 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 22.

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.

Donations received by the Parents Association are considerably down on last years figures due to Covid-19.

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

Strategic report (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 £139,068.

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

There are no principle risks or uncertainties to report, however Covid-19 has had a small impact on the finances.

There has been a loss of income from Breakfast Club and Afterschool Club fees resulting in approximately £2,508 over a six month period. However, savings have been made with utilities; gas, electric and water whilst the school was partially closed. Photocopying costs are down as well as overtime and supply.

If the Coronavirus continues to cause disruption over the forthcoming year then the school may face additional financial implications. A risk management process has been implemented to address this.

Another risk to consider is the EHCP children numbers which currently stand at 13, one of the highest numbers to date.

Fundraising

Fundraising has been reduced significantly over the past year due to Covid-19. The Parents Association normally raise in excess of £10k but have not been able to achieve anywhere near this.

No voluntary donations have been received.

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

Plans for future periods

The Head Teacher appointed in September 2019 was previously the Deputy Head which ensured continuity of systems and processes of all aspects of life.

Covid-19 has caused major disruption to the school and the wider community and the Head Teacher has had to adapt to this new 'normal'. It is now the intention of the Senior Leadership Team to focus on ensuring the schools' recovery curriculum supports all children with the return to school – emotionally and academically and to quickly assess gaps in children's learning in order to focus on raising standards. At the same time, the priority also remains to keep all staff and children safe and ensure the risk assessments and preventative measures are in place to keep the school open as much as possible. In the event of classes being forced to close as a result of COVID cases, the school will ensure there is a remote learning plan in place.

Funds held as custodian on behalf of others

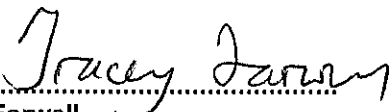
No funds are held as custodian on behalf of others.

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 25 November 2020 and signed on its behalf by:


.....
T Farwell
Chair of Trustees

MUSCLIFF PRIMARY SCHOOL
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GOVERNANCE STATEMENT

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.

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

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

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GOVERNANCE STATEMENT (CONTINUED)

Governance

Composition of the Board

Name:	Position:
Tracey Farwell	Chair
David Banks	Co-Vice Chair, H&S Governor
Joanna Cartwright	Co-Vice Chair, Safeguarding Governor
Sarah Fenby	Head Teacher & Accounting Officer
Victoria Ladbroke	Governor, Chair of Finance
Lynette Golborne	Governor, Chair of Curriculum & Standards
Lucien Andrews	Staff Governor
Alexander Zaremba	Governor
Caroline Lovell	Co-opted Governor, SEN Governor (resigned August 2020)

The Board has performed well taking into account the challenges of school closures and the effects of COVID-19 on educational provision. Due to there being no SATS or formal testing taking place this year, the board has not been able to use any published data and has relied on teacher assessment data which has been found acceptable in these unprecedented circumstances.

The Board has had to put their self-evaluation on hold this year due to the impact of COVID-19 and will revisit this in the Autumn term 20/21.

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 Trustees was as follows:

Trustee	Meetings attended	Out of a possible
T Farwell, Chair of Trustees	6	6
S Fenby, Head Teacher	6	6
L Golborne	5	6
D Banks	6	6
J Cartwright	6	6
C Lovell	2	6
L Andrews	5	6
V Ladbroke	6	6
Z Read	0	6
A Zaremba	3	3

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.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

- 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.

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	4	4
S Fenby	4	4
V Ladbroke	4	4
E Huns	1	1
D Banks	4	4
J Cartwright	3	3
S Scoble	1	1
A Zaremba	1	1

MUSCLIFF PRIMARY SCHOOL
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money

The School Business Managers from the Trust meet monthly to discuss agenda items that include economies of scale and obtain best value as either part of a group or through sharing best practice.

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:

- Reviewed the Lettings and Charging Policy.
- Reviewed the staffing structure.
- Staff have been re-deployed in different areas to support pupil "bubbles" saving the school having to recruit temporary staff.
- Reviewed all SLAs.
- School has been able to raise some income through selling no longer needed or defunct items such as freezer, drum kit, keyboards.

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 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

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

The risk and control framework

The Board of Trustees has decided to employ an independent firm as internal auditor.

Due to the requirements of the newly revised FRC Ethical Standard for Auditors, the academy has re-tendered for their internal audit service as previously, the external auditor has done this work. The School Business Manager is currently obtaining quotes for Internal Auditors, this may be shared across the Trust or independently depending on best value.

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

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GOVERNANCE STATEMENT (CONTINUED)

The risk and control framework (continued)

- Budgeting and financial monitoring
- Regularity
- Governance
- Risk management
- Covid-19 testing

On a quarterly basis, the internal auditor reports 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.

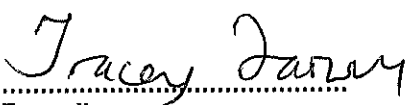
Review of effectiveness

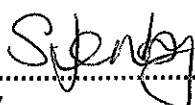
As accounting officer, the Head Teacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- on discharge of the Board of Trustees financial decisions to help the committee consider actions and assess year on year progress
- 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 25 November 2020 and signed on their behalf by:


.....
T Farwell
Chair of Trustees


.....
S Fenby
Accounting Officer

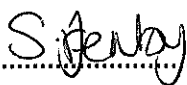
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

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 2019.

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

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

.....
S Fenby
Accounting Officer
Date: 25 November 2020

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

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- 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 25 November 2020 and signed on its behalf by:


.....
T Farwell
Chair of Trustees

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

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our 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.

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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

Responsibilities of trustees

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

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

Auditors' responsibilities for the audit of the financial statements

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


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

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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

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
Statutory Auditor

Silverdown Office Park
Exeter Airport Business Park
Exeter
EX5 2UX

Date: 27/1/20

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 09 August 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Muscliff Primary School during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Muscliff Primary School and 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 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

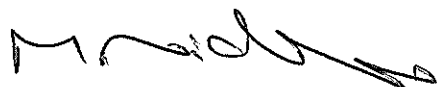
Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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

Conclusion

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



Misty Nickells FCA (Senior statutory auditor)
Reporting Accountants

Silverdown Office Park
Exeter Airport Business Park
Exeter
EX5 2UX

Date: 27/8/20

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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

	Note	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:						
Donations and capital grants	3	22,757	-	10,963	33,720	66,458
Charitable activities		11,568	2,554,465	-	2,566,033	2,383,127
Other trading activities		58,037	-	-	58,037	91,100
Investments	6	165	-	-	165	180
Total income		92,527	2,554,465	10,963	2,657,955	2,540,865
Expenditure on:						
Raising funds		53,298	-	-	53,298	96,327
Charitable activities		12,793	2,728,974	144,932	2,886,699	2,756,499
Total expenditure		66,091	2,728,974	144,932	2,939,997	2,852,826
Net income/(expenditure)		26,436	(174,509)	(133,969)	(282,042)	(311,961)
Transfers between funds	16	-	(27,491)	27,491	-	-
Net movement in funds before other recognised gains/(losses)		26,436	(202,000)	(106,478)	(282,042)	(311,961)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	22	-	(468,000)	-	(468,000)	(189,000)
Net movement in funds		26,436	(670,000)	(106,478)	(750,042)	(500,961)
Reconciliation of funds:						
Total funds brought forward		112,632	(1,708,000)	7,106,787	5,511,419	6,012,380
Net movement in funds		26,436	(670,000)	(106,478)	(750,042)	(500,961)
Total funds carried forward		139,068	(2,378,000)	7,000,309	4,761,377	5,511,419

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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

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

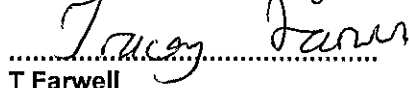
The notes on pages 27 to 54 form part of these financial statements.

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

BALANCE SHEET
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	7,000,309	7,077,368
		<u>7,000,309</u>	<u>7,077,368</u>
Current assets			
Debtors	14	41,528	36,953
Cash at bank and in hand		288,955	282,614
		<u>330,483</u>	<u>319,567</u>
Creditors: amounts falling due within one year	15	(191,415)	(177,516)
Net current assets		<u>139,068</u>	<u>142,051</u>
Total assets less current liabilities		<u>7,139,377</u>	<u>7,219,419</u>
Net assets excluding pension liability		<u>7,139,377</u>	<u>7,219,419</u>
Defined benefit pension scheme liability	22	(2,378,000)	(1,708,000)
Total net assets		<u><u>4,761,377</u></u>	<u><u>5,511,419</u></u>
Funds of the academy			
Restricted funds:			
Fixed asset funds	16	7,000,309	7,106,787
Restricted funds excluding pension asset	16	7,000,309	7,106,787
Pension reserve	16	(2,378,000)	(1,708,000)
Total restricted funds	16	4,622,309	5,398,787
Unrestricted income funds	16	139,068	112,632
Total funds		<u><u>4,761,377</u></u>	<u><u>5,511,419</u></u>

The financial statements on pages 23 to 54 were approved by the Trustees, and authorised for issue on 25 November 2020 and are signed on their behalf, by:



T Farwell
 Chair of Trustees

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by operating activities	18	63,086	30,749
Cash flows from investing activities	19	(56,745)	29,599
Change in cash and cash equivalents in the year		6,341	60,348
Cash and cash equivalents at the beginning of the year		282,614	222,266
Cash and cash equivalents at the end of the year	20, 21	<u>288,955</u>	<u>282,614</u>

The notes on pages 27 to 54 form part of these financial statements

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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

1. Accounting policies

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

1.1 Basis of preparation of financial statements

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

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.

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

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.

- **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.

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

1.4 Expenditure (continued)

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

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

1.6 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.

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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

1. Accounting policies (continued)

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.

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.

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 2020**

1. Accounting policies (continued)

1.12 Pensions

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

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

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

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

1.13 Fund accounting

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

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

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

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

2. Critical accounting estimates and areas of judgment

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

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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

2. Critical accounting estimates and areas of judgment (continued)

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 22, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Critical areas of 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

	Unrestricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Donations	22,757	-	22,757
Capital Grants	-	10,963	10,963
	<u>22,757</u>	<u>10,963</u>	<u>33,720</u>

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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

3. Income from donations and capital grants (continued)

	<i>Unrestricted funds 2019 £</i>	<i>Restricted fixed asset funds 2019 £</i>	<i>Total funds 2019 £</i>
Donations	33,085	167	33,252
Capital Grants	-	33,206	33,206
	<u>33,085</u>	<u>33,373</u>	<u>66,458</u>

4. Funding for the academy's education

	Unrestricted funds 2020 £	Restricted funds 2020 £	Total funds 2020 £
DfE/ESFA grants			
General Annual Grant	-	2,142,224	2,142,224
Other DfE/ESFA Grants	-	243,444	243,444
Pupil Premium	-	133,232	133,232
	<u>-</u>	<u>2,518,900</u>	<u>2,518,900</u>
Other government grants			
Special Educational Needs	-	35,565	35,565
	<u>-</u>	<u>35,565</u>	<u>35,565</u>
Other funding			
Other income from the academy trust's educational operations	11,568	-	11,568
	<u>11,568</u>	<u>2,554,465</u>	<u>2,566,033</u>

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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

4. Funding for the academy's education (continued)

	<i>Unrestricted funds 2019 £</i>	<i>Restricted funds 2019 £</i>	<i>Total funds 2019 £</i>
DfE/ESFA grants			
General Annual Grant	-	2,065,501	2,065,501
Other DfE/ESFA Grants	-	124,720	124,720
Pupil Premium	-	129,746	129,746
	-	2,319,967	2,319,967
Other government grants			
Special Educational Needs	-	37,123	37,123
Other government grants non capital	-	19,169	19,169
	-	56,292	56,292
Other funding			
Other income from the academy trust's educational operations	6,868	-	6,868
	6,868	2,376,259	2,383,127

5. Income from other trading activities

	Unrestricted funds 2020 £	Total funds 2020 £
Hire of facilities	8,535	8,535
Other	49,502	49,502
	58,037	58,037

MUSCLIFF PRIMARY SCHOOL
(A company limited by guarantee)

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5. Income from other trading activities (continued)

	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Hire of facilities	14,485	14,485
Other	76,615	76,615
	<u>91,100</u>	<u>91,100</u>

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £
Bank interest	165	165

	<i>Unrestricted funds 2019 £</i>	<i>Total funds 2019 £</i>
Bank interest	180	180

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7. Expenditure

	Staff Costs 2020 £	Premises 2020 £	Other 2020 £	Total 2020 £
Expenditure on fundraising trading activities:				
Direct costs	43,610	-	9,688	53,298
Education:				
Direct costs	1,924,371	111,702	75,243	2,111,316
Support costs	471,967	150,326	153,090	775,383
	<u>2,439,948</u>	<u>262,028</u>	<u>238,021</u>	<u>2,939,997</u>
	Staff Costs 2019 £	Premises 2019 £	Other 2019 £	Total 2019 £
Expenditure on fundraising trading activities:				
Direct costs	43,011	-	53,316	96,327
Education:				
Direct costs	1,851,774	111,056	62,486	2,025,316
Allocated support costs	443,829	140,566	146,788	731,183
	<u>443,829</u>	<u>140,566</u>	<u>146,788</u>	<u>731,183</u>

8. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Education	<u>2,111,316</u>	<u>775,383</u>	<u>2,886,699</u>

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NOTES TO THE FINANCIAL STATEMENTS
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8. Analysis of expenditure by activities (continued)

	<i>Activities undertaken directly 2019 £</i>	<i>Support costs 2019 £</i>	<i>Total funds 2019 £</i>
Education	2,025,316	731,183	2,756,499

Analysis of direct costs

	<i>Education 2020 £</i>	<i>Total funds 2020 £</i>
Staff costs	1,924,371	1,924,371
Depreciation	125,220	125,220
Educational Supplies	31,274	31,274
Other Costs	16,074	16,074
Supply Teachers	1,561	1,561
Recruitment and Other staff Costs	11,587	11,587
Technology costs	1,229	1,229
	<u>2,111,316</u>	<u>2,111,316</u>

	<i>Education 2019 £</i>	<i>Total funds 2019 £</i>
Staff costs	1,832,775	1,832,775
Depreciation	119,512	119,512
Educational Supplies	32,550	32,550
Other Costs	13,965	13,965
Supply Teachers	18,999	18,999
Recruitment and Other staff Costs	5,647	5,647
Technology costs	1,868	1,868
	<u>2,025,316</u>	<u>2,025,316</u>

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8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Education 2020 £	Total funds 2020 £
Pension finance costs	30,000	30,000
Staff costs	471,967	471,967
Depreciation	19,712	19,712
Other Costs	1,358	1,358
Maintenance of premises and equipment	30,678	30,678
Cleaning	55,284	55,284
Rent and rates	23,743	23,743
Heat and light	20,909	20,909
Insurance	11,106	11,106
Security and transport	673	673
Catering	36,681	36,681
Technology costs	22,690	22,690
Office overheads	31,116	31,116
Legal and professional	14,141	14,141
Governance costs	5,325	5,325
	<u>775,383</u>	<u>775,383</u>

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

Analysis of support costs (continued)

	<i>Education 2019 £</i>	<i>Total funds 2019 £</i>
Pension finance costs	33,000	33,000
Staff costs	443,829	443,829
Depreciation	19,684	19,684
Other Costs	1,674	1,674
Maintenance of premises and equipment	31,275	31,275
Cleaning	39,180	39,180
Rent and rates	25,514	25,514
Heat and light	24,913	24,913
Insurance	12,500	12,500
Security and transport	2,491	2,491
Catering	36,183	36,183
Technology costs	21,152	21,152
Office overheads	21,048	21,048
Legal and professional	15,790	15,790
Governance costs	2,950	2,950
	<u>731,183</u>	<u>731,183</u>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £	2019 £
Operating lease rentals	4,653	3,300
Depreciation of tangible fixed assets	144,932	139,196
Fees paid to auditors for:		
- audit	2,900	2,850
- other services	2,150	1,895
	<u>150,635</u>	<u>147,241</u>

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10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £	2019 £
Wages and salaries	1,774,941	1,755,422
Social security costs	138,944	132,755
Pension costs	524,502	431,438
	<u>2,438,387</u>	<u>2,319,615</u>
Agency staff costs	1,561	18,999
	<u><u>2,439,948</u></u>	<u><u>2,338,614</u></u>

b. Staff numbers

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

	2020 No.	2019 No.
Teachers	29	29
Administration and Support	84	75
Management	6	3
	<u>119</u>	<u>107</u>

The average headcount expressed as full-time equivalents was:

	2020 No.	2019 No.
Teachers	22	21
Administration and support	42	36
Management	3	3
	<u>67</u>	<u>60</u>

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

10. Staff (continued)

c. Higher paid staff

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

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

d. Key management personnel

The key management personnel of the academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy was £380,381 (2019 £404,038).

11. Trustees' remuneration and expenses

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

		2020 £	2019 £
S Fenby (Appointed 1 September 2019)	Remuneration	65,000 - 70,000	
	Pension contributions paid	15,000 - 20,000	
		45,000 -	45,000 -
L Andrews	Remuneration	50,000	50,000
	Pension contributions paid	10,000 - 15,000	5,000 - 10,000

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

12. Trustees' and Officers' insurance

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

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13. Tangible fixed assets

	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 September 2019	7,579,787	27,342	42,913	7,650,042
Additions	33,727	4,070	30,076	67,873
At 31 August 2020	7,613,514	31,412	72,989	7,717,915
Depreciation				
At 1 September 2019	522,732	11,924	38,018	572,674
Charge for the year	131,414	3,388	10,130	144,932
At 31 August 2020	654,146	15,312	48,148	717,606
Net book value				
At 31 August 2020	6,959,368	16,100	24,841	7,000,309
At 31 August 2019	7,057,055	15,418	4,895	7,077,368

14. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	3,226	2,624
Other debtors	12,488	7,254
Prepayments and accrued income	25,814	27,075
	41,528	36,953

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15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	43,484	39,144
Other taxation and social security	32,667	33,202
Other creditors	39,187	32,985
Accruals and deferred income	76,077	72,185
	<u>191,415</u>	<u>177,516</u>
	2020 £	2019 £
Deferred Income		
Deferred income at 1 September 2019	69,285	66,597
Resources deferred during the year	61,870	69,285
Amounts released from previous periods	(69,285)	(66,597)
	<u>61,870</u>	<u>69,285</u>

At the balance sheet date the academy was holding funds received in advance of the 2020/21 financial year.

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

16. Statement of funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2020 £
Unrestricted funds						
General Funds	112,632	92,527	(66,091)	-	-	139,068
Restricted general funds						
General Annual Grant	-	2,158,664	(2,131,173)	(27,491)	-	-
Pupil Premium	-	133,232	(133,232)	-	-	-
Higher Needs	-	35,565	(35,565)	-	-	-
Other DFE/ESFA Grants	-	227,004	(227,004)	-	-	-
Pension reserve	(1,708,000)	-	(202,000)	-	(468,000)	(2,378,000)
	<u>(1,708,000)</u>	<u>2,554,465</u>	<u>(2,728,974)</u>	<u>(27,491)</u>	<u>(468,000)</u>	<u>(2,378,000)</u>
Restricted fixed asset funds						
Transferred on conversion	7,067,426	10,963	(133,422)	-	-	6,944,967
DFE/ESFA capital grants	34,466	-	(7,946)	-	-	26,520
Transfer from GAG	368	-	(1,322)	27,491	-	26,537
Other Grant	4,402	-	(2,200)	-	-	2,202
Capital donations	125	-	(42)	-	-	83
	<u>7,106,787</u>	<u>10,963</u>	<u>(144,932)</u>	<u>27,491</u>	<u>-</u>	<u>7,000,309</u>
Total Restricted funds	<u>5,398,787</u>	<u>2,565,428</u>	<u>(2,873,906)</u>	<u>-</u>	<u>(468,000)</u>	<u>4,622,309</u>
Total funds	<u><u>5,511,419</u></u>	<u><u>2,657,955</u></u>	<u><u>(2,939,997)</u></u>	<u><u>-</u></u>	<u><u>(468,000)</u></u>	<u><u>4,761,377</u></u>

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

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.

Local Authority grants

Teachers pay grants received from the ESFA to provide funding for schools to support teachers' pay awards.

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.

Capital Expenditure from GAG

This represents funds transferred from the restricted GAG fund to purchase fixed assets.

Other grants

Capital donations received from Muscliff Parents Association to purchase fixed assets.

Capital donations

Capital donations received with specific restrictions.

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

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

16. Statement of funds (continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 August 2019 £
Unrestricted funds					
General Funds	123,770	131,233	(142,371)	-	112,632
Restricted general funds					
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>
Restricted fixed asset funds					
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>
Total Restricted funds	<u>5,888,610</u>	<u>2,409,632</u>	<u>(2,710,455)</u>	<u>(189,000)</u>	<u>5,398,787</u>
Total funds	<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
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17. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Restricted funds 2020 £	Restricted fixed asset funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	-	7,000,309	7,000,309
Current assets	330,483	-	-	330,483
Creditors due within one year	(191,415)	-	-	(191,415)
Provisions for liabilities and charges	-	(2,378,000)	-	(2,378,000)
Total	139,068	(2,378,000)	7,000,309	4,761,377

Analysis of net assets between funds - prior period

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

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

	2020 £	2019 £
Net expenditure for the period (as per Statement of financial activities)	(282,042)	(311,961)
Adjustments for:		
Depreciation	144,932	139,196
Capital grants from DfE and other capital income	(10,963)	(33,373)
Dividends, Interest and rents from investments	(165)	(180)
Defined benefit pension scheme cost less contributions payable	172,000	162,000
Defined benefit pension scheme finance cost	30,000	33,000
(Increase)/decrease in debtors	(4,575)	11,379
Decrease in creditors	13,899	30,688
Net cash provided by operating activities	63,086	30,749

19. Cash flows from investing activities

	2020 £	2019 £
Dividends, interest and rents from investments	165	180
Purchase of tangible fixed assets	(67,873)	(3,954)
Capital grants from DfE Group	10,963	33,373
Net cash (used in)/provided by investing activities	(56,745)	29,599

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

20. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	288,955	282,614
Total cash and cash equivalents	288,955	282,614

21. Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	At 31 August 2020 £
Cash at bank and in hand	282,614	6,341	288,955
	282,614	6,341	288,955

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NOTES TO THE FINANCIAL STATEMENTS
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22. 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 2016 and of the LGPS 31 March 2016.

Contributions amounting to £38,785 were payable to the schemes at 31 August 2020 (2019 - £32,388) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

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

The employer's pension costs paid to TPS in the year amounted to £287,911 (2019 - £213,587).

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £181,000 (2019 - £170,000), of which employer's contributions totalled £139,000 (2019 - £130,000) and employees' contributions totalled £ 42,000 (2019 - £40,000). The agreed contribution rates for future years are 18.2 per cent for employers and 5.5 - 6.8 per cent for employees.

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

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

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	3.25	3.70
Rate of increase for pensions in payment/inflation	2.25	2.20
Discount rate for scheme liabilities	1.60	1.85
Inflation assumption (CPI)	2.25	2.20

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

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**NOTES TO THE FINANCIAL STATEMENTS
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22. Pension commitments (continued)

	2020 Years	2019 Years
<i>Retiring today</i>		
Males	23.3	22.9
Females	24.8	24.8
<i>Retiring in 20 years</i>		
Males	24.7	24.6
Females	26.2	26.6

Sensitivity analysis

	2020 £000	2019 £000
Discount rate +0.1%	(98)	(72)
Discount rate -0.1%	101	74
Mortality assumption - 1 year increase	7	112
Mortality assumption - 1 year decrease	(7)	(108)
CPI rate +0.1%	93	66
CPI rate -0.1%	(90)	(64)

Share of scheme assets

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

	2020 £	2019 £
Equities	722,000	693,000
Gilts	169,000	177,000
Corporate bonds	111,000	96,000
Property	139,000	141,000
Cash and other liquid assets	15,000	35,000
Investment funds	80,000	79,000
Asset backed securities	63,000	62,000
Infrastructure	95,000	71,000
Secured income funds	8,000	-
Total market value of assets	1,402,000	1,354,000

The actual return on scheme assets was £61,000 (2019 - £102,000).

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22. Pension commitments (continued)

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

	2020 £	2019 £
Current service cost	(310,000)	(291,000)
Admin expenses	(1,000)	(1,000)
Interest income	27,000	32,000
Interest cost	(57,000)	(65,000)
Total amount recognised in the Statement of financial activities	(341,000)	(325,000)

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

	2020 £	2019 £
At 1 September	3,062,000	2,454,000
Interest cost	57,000	65,000
Employee contributions	42,000	40,000
Actuarial losses	327,000	259,000
Benefits paid	(18,000)	(47,000)
Past service costs	-	30,000
Current service cost	310,000	261,000
At 31 August	3,780,000	3,062,000

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

	2020 £	2019 £
At 1 September	1,354,000	1,130,000
Interest income	27,000	32,000
Actuarial (losses)/gains	(141,000)	70,000
Employer contributions	139,000	130,000
Employee contributions	42,000	40,000
Benefits paid	(18,000)	(47,000)
Administrative expenses	(1,000)	(1,000)
At 31 August	1,402,000	1,354,000

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23. Operating lease commitments

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

	2020 £	2019 £
Within 1 year	2,706	3,300
Between 1 and 5 years	9,471	-
	<u>12,177</u>	<u>3,300</u>

24. 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.

25. Related party transactions

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