

Yardleys School
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2019

Company Registration Number
08496504 (England and Wales)

Feltons
Chartered Accountants

Birmingham
B1 3JR

Yardleys School
(A Company Limited by Guarantee)

Report and Financial Statements
Year ended 31 August 2019

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Reference and Administrative Details

| | | |
|------------------|--------------------------|----------------------|
| Members/Trustees | Mr Muhammed Amin | resigned 27.11.2018 |
| | Ms Emma Arnott | appointed 4.7.2017 |
| | Ms Kibrest Suzie Bennett | appointed 27.11.2018 |
| | Mr Brynley Evans | appointed 1.9.2015 |
| | Mr John Gardner | appointed 11.9.2018 |
| | Mr Tim Gordon | appointed 26.11.2019 |
| | Mr Benn Gray | appointed 12.1.2016 |
| | Mr Adill Hadi | appointed 29.9.2015 |
| | Mrs Jean Helme | appointed 24.11.2017 |
| | Mr Edmund Lawrence | appointed 26.11.2019 |
| | Mr Peter Lee | appointed 24.11.2017 |
| | Mr Khaja Mohammed Ismail | appointed 27.11.2018 |
| | Mr Gary Neal | appointed 11.9.2018 |
| | Mr Satinderpal Sohal | resigned 17.09.2019 |
| | Mr Ben Tilley | resigned 17.09.2019 |
| | Mr Shaukat Zaman | resigned 20.08.2019 |

Company secretary Mrs Jill Wilson

Senior management team

- Head teacher Brynley Evans
- Deputy head teacher Gurpreet Basra
- Deputy head teacher David Pohl
- Assistant head teacher Edward Halliday
- Assistant head teacher Laura Yates
- Business and support manager Jill Wilson

Company name Yardleys School

Principal and registered office Reddings Lane
Tyseley
Birmingham
B11 3EY

Company registration number 08496504

Independent auditor Feltons
8 Sovereign Court
8 Graham Street
Birmingham B1 3JR

Bankers Lloyds Bank plc
25 Greasham Street
London
EC2V 7HN

Solicitors Stone King
16 St. John's Lane
London
EC1M 4BS

Yardleys School
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Trustees' report for the year ended 31 August 2019

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

The academy trust operates an academy for pupils aged 11 to 16 serving a catchment area in Birmingham. It has a pupil capacity of 930 and had a roll of 929 in the school census on 3rd October 2019.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of Yardleys School are also the directors of the charitable company for the purposes of company law. The charitable company operates as Yardleys Academy.

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.

Members' liability

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

Trustees' indemnities

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim.

Method of recruitment and appointment or election of Trustees

Under the academy's articles of association, the number of governors shall not be less than three but (unless otherwise determined by ordinary resolution) shall not be subject to any maximum.

The academy trust has the following governors:

- a) Up to 8 governors appointed by the members
- b) A minimum of two and up to seven parent governors (elected by parents of registered pupils of Yardleys School)
- c) The head teacher
- d) Up to three staff governors, including up to one support staff (elected by employees of the academy trust)
- e) The academy trust may also have any co-opted governor, appointed by governors who are not themselves co-opted

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Trustees' report for the year ended 31 August 2019 (continued)

Policies and Procedures Adopted for the Induction and Training of Trustees

The governing body has a service level agreement with school and governor support at Birmingham City Council to provide training, advice and support to the governing body. Training is also provided by Stone King solicitors and during the course of the year a number of internal training sessions have been held by school staff e.g. understanding financial reports, safeguarding, GDPR and preparation for Ofsted.

New governors are provided with a comprehensive induction including being issued with a governor handbook, which includes a wide range of information on the school, its aims and values.

The head teacher is the leader for professional development in school, and he ensures that trustees are provided with opportunities to receive training in accordance with their role, and the school's training plan.

Organisational structure

The governing body has established committees and appoints trustees to serve on each of the committees annually.

The committees for the period of the report were:

- Finance, Premises and Staffing
- Curriculum and Standards
- Pay Committee
- Audit

In addition governors volunteer to serve on ad-hoc committees which are convened as required e.g. to hear staff or pupil disciplinary cases and appeals.

The written terms of reference of the committees include the monitoring of, the preparation and management of the academy's budget and implementation of the Academy's financial management policies, including risk assessment.

The governors are responsible for the strategic development of the academy, including adopting a school improvement plan, approving the annual budget, setting general policy, monitoring the academy by the use of budgets and making major decisions about the direction of the academy, capital expenditure and senior staff appointments.

The leadership team consists of the head teacher, two deputy head teachers, two assistant head teachers and the business and support manager. These managers control the academy at an executive level, implementing the policies laid down by governors and reporting back to them. As a group, the leadership team is responsible for the authorisation of spending within agreed budgets and the appointment of staff, although senior staff appointments will always include a governor on the interview panel.

Arrangements for setting pay and remuneration of key management personnel

Trustees are unpaid, although travelling expenses are payable on request.

Senior leadership team pay progression is determined through the performance management process with reviews being conducted by the head teacher. The head teacher's performance management process is conducted by an external consultant appointed by the governors.

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Trustees' report for the year ended 31 August 2019 (continued)

Trade union facility time

Information in accordance with Schedule 2 of the Trade Union (Facility Time Publication Requirements) Regulations 2018 is as follows:

Relevant union officials

| Number of employees who were relevant union officials during the relevant period | Full-time equivalent number |
|--|-----------------------------|
| 2 | 2 |

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

| | |
|---|------------|
| Total cost of facility time | £2,318 |
| Total pay bill | £4,636,683 |
| Facility time as percentage of total pay bill | 0.05% |

Paid trade union activities

| | |
|---|-----|
| Time spent on paid trade union activities as a percentage of total paid facility time hours | 50% |
|---|-----|

Related parties and other Connected Charities and Organisations

Yardleys School has working links with a range of other organisations including local primary and secondary schools, local FE colleges and employers, local teaching school alliances, Birmingham and other local authorities, police panel, sharing panel and the local collegiate. These links are maintained in the interests of supporting good practice and information sharing in order to support the academy's object of the advancement for the public benefit education in the United Kingdom.

Objectives and activities

Objects and aims

The strategic goal of Yardleys School is to provide an excellent level of education through a broad and balanced curriculum to all pupils in accordance with the funding agreement between the academy trust and the Department for Education.

Objectives, strategies and activities

At Yardleys School we aim:

- To achieve academic excellence (Currency)
- To educate the "whole child" so that they are ready for life (Character)
- To establish a positive, collaborative and ethical ethos (Culture).

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Trustees' report for the year ended 31 August 2019 (continued)

In addition the school aims to promote the following values in both staff and students:

- Curiosity
- Empathy
- Integrity
- Positivity
- Reflection
- Resilience

The strategies adopted for achieving these objectives are:

- A Yardleys charter outlining the ethos and values of the school for pupils and staff.
- A curriculum which focuses on both academic excellence and personal development
- Introduction of a new teaching and learning policy including homework
- Introduction of a new assessment system
- Improving teaching and management through regular training and collaboration
- Improving accountability and quality assurance systems at all levels of leadership and management, including governance
- Well planned and robust business, administrative and support systems
- A strong and supportive pastoral system including pupil safety, behaviour and attitudes.

Public benefit

In setting our objectives and planning our activities, the board of trustees has given careful consideration to the general guidance on public benefit published by the Charity Commission on their website at www.gov.uk/topic/running-charity/managing-charity in exercising their powers or duties.

Yardleys School is an equal opportunity employer, and strives to give full and fair consideration to all applicants for employment, training and promotions, irrespective of disability, gender, race, colour or sexual orientation.

Strategic Report

Achievements and Performance

The Academy is in its seventh year of operation and continues to be significantly oversubscribed. In 2019, 1202 parents expressed a preference for one of the 180 places in year 7.

The school is highly focused on raising standards of pupil achievement and is successful at doing so.

The average attainment of students arriving in Year 7 is well below the national average. Despite this, pupils achieve above the national average.

The best ever GCSE exam results were achieved in 2019. The school's progress 8 score of +0.48 now puts it in the 'above average' category and in the top 20% of schools nationally.

In 2019, 63% of students achieved a grade 4 or better in English and Maths (67% in 2018) and 47% at grade 5 (45% in 2018), which is above the national average.

Across all subjects, 73% of grades awarded were at C/4 or better.

Furthermore, 19% of all grades awarded were at grade 7 (A) or better.

The key part of raising standards of achievement is to improve the quality of the curriculum and teaching. The school continues to focus on teaching and learning including:-

- A well planned, coherent curriculum both for academic subjects and personal development.

Trustees' report for the year ended 31 August 2019 (continued)

- Ensuring a prompt start to lessons and other measures to ensure a positive climate for learning
- Increased reading and focus on writing skills
- Focus on factual knowledge – particularly through the online homework system
- Regular training in subject teams and in lessons
- Assessment and feedback, including a new marking policy and regular practice tests
- Improving accountability at all levels, including a new appraisal system

Key Performance Indicators

- Direct costs as a percentage of total costs were 64.2% (2018 : 64.8%)
- Support costs as a percentage of total costs were 35.8% (2018 : 35.2%)
- Total payroll costs as a percentage of recurring income were 72.2% (2018 : 73.3%)

Going concern

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

Financial Review

The majority of the academy's income is obtained from the DfE via the ESFA in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the DfE during the year ending 31st August 2019 and the associated expenditure is shown in the statement of financial activities as restricted funds.

The academy also receives capital funding to address capital expenditure. This income is shown in the statement of financial activities as restricted income in the fixed asset fund.

The financial results of Yardleys School are detailed in the following pages. It is considered that the finances are sound and well established. The principal financial management policies adopted are laid down by the financial handbook for academies published by the ESFA and requirements as laid down by the academy's financial handbook.

During the year ended 31 August 2019 total resources expended were £7,221,730 and the deficit of income over expenditure was £352,252 which included depreciation of £411,964.

Reserves Policy

The trustees continually monitor the reserves of the charitable company. This process encompasses the nature of income and expenditure streams and the need to match commitments with income and nature of reserves.

It is the board of trustees' general policy to continue to build reserves which can be used for future educational purposes.

The academy had total funds at 31 August 2019 of £13,657,411 which included £1,200,846 restricted funds not available for general purposes of the academy trust, £883,383 of free reserves defined as unrestricted funds available for general purposes and £15,078,182 which can only be realised by the disposal of tangible fixed assets.

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Trustees' report for the year ended 31 August 2019 (continued)

The balance on restricted general funds (excluding pension reserve) plus the balance on unrestricted funds was a surplus of £2,084,229.

In addition, the deficit on the restricted pension fund of £3,505,000 arises from an actuarial deficit on the local government pension scheme which will be dealt with as advised by the actuary.

The trustees regularly review the level of reserves and aim to maintain them at a minimum of £800,000.

Investment Policy

Any surplus funds are invested with Lloyds Bank plc in a deposit account.

These investments are carried out in accordance with the powers vested in the board of trustees.

Principal Risks and Uncertainties

The trustees have considered the major risks and uncertainties facing the charitable company which include changes in legislation and regulations and cash flow management and have put in place procedures to deal with these matters.

Attention has also been focussed on non-financial risks arising from fire, health and safety. These risks are managed by ensuring accreditation is up to date, having robust policies in place, and regular awareness training for staff working in these operational areas. The academy's risk register is updated annually and shared with governors each new academic year.

Fundraising

The school does not currently engage in any fundraising.

Plans for Future Periods

The school aims to maintain and improve upon its outstanding status and high academic and pastoral standards through:

- Further improve standards of behaviour and pupil attitudes.
- Further improve curriculum and academic standards.
- Further improve leadership and management at all levels.
- Further improve personal development of pupils,
- Further improve independent pupil study.
- Further improve Academy business management.

Funds Held as Custodian Trustee on Behalf of Others

The school holds funds of £118,587 on behalf of the collegiate.

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Trustees' report for the year ended 31 August 2019 (continued)

Auditor

Insofar as the Trustees are aware :

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

Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on ~~6th~~ ^{6th} December 2019 and signed on the board's behalf by:



..... Jean Helme - Chair of Trustees

Governance statement for the year ended 31 August 2019

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform to 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 Yardleys School and the Secretary of State for Education. They are also responsible for reporting to the board of trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The **board of trustees** has formally met 4 times during the year. Attendance during the year at meetings of the board of trustees was as follows :

| Main Board | Meetings attended | Out of a possible |
|--|------------------------------|------------------------------|
| Name | | |
| Mr Muhammed Amin (parent - appointed 3.12.15) | 1 | 1 |
| Ms Emma Arnott (member – appointed 4.7.17) | 4 | 4 |
| Ms Kibrest Bennett (appointed 27.11.18) | 3 | 3 |
| Mr Brynley Evans (accounting officer – appointed 1.9.15) | 4 | 4 |
| Mr John Gardner (vice chair – elected 11.09.18) | 4 | 4 |
| Mr Benn Gray (staff – elected 12.1.16) | 3 | 4 |
| Mr Adill Hadi (member – appointed 29.9.15) | 4 | 4 |
| Ms Jean Helme (chair – elected 24.11.17) | 3 | 4 |
| Mr Peter Lee (member – appointed 24.11.17) | 2 | 4 |
| Mr K M Mohammed Ismail (appointed 27.11.2018) | 3 | 3 |
| Mr Satinderpal Sohal (staff – resigned 7.10.2019) | 4 | 4 |
| Mr Ben Tilley (staff – resigned 27.09.19) | 1 | 4 |

In accordance with the recent changes to the Academies Financial Handbook, the board established an Audit committee in September 2019. This committee will meet three times per year and report to the board of trustees on audit arrangements and systems of internal control.

The board has used the NGA model self-assessment tool and will analyse the results to identify skills gaps and areas of training need.

The board is presented with a wide range of reports on all areas of school management, which are backed up whenever possible with externally derived data or comparisons. For example, external reading tests; PIXL mock exams; GL assessments; ASP and ISDR government academic data reports.

Financial information is reinforced through internal and external audit reports. The school employs an external consultant who provides an annual audit of health and safety procedures and policies, as well as an annual fire risk assessment. An external audit of the school's SCR and the bi-annual Investors in People review provide reassurance on HR practice.

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Governance statement for the year ended 31 August 2019 (continued)

The **finance, premises and staffing committee** is a sub-committee of the main board of trustees. Its purpose is to:

- assist the decision-making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the governing body's responsibility to ensure sound management of the academy's finances, resources, including proper planning, monitoring and probity.
- to receive regular reports on premises issues including health and safety and the monitoring of the PFI contract and advise the governing body on priorities for development.
- to oversee and review the school's staffing structure, ensuring compliance with practices and legislations relating to personnel.

| Trustee | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| Name | | |
| Mr Muhammed Amin (parent – resigned 27.11.2018) | 0 | 1 |
| Mr Brynley Evans (accounting officer – appointed 1.9.15) | 6 | 6 |
| Mr John Gardner (vice chair – elected 11.9.18) | 6 | 6 |
| Mr Benn Gray (staff – elected 12.1.16) | 6 | 6 |
| Ms Jean Helme (chair – elected 24.11.17) | 6 | 6 |
| Mr Peter Lee (member – appointed 24.11.17) | 3 | 6 |

Audit Committee

The **audit committee** is responsible for agreeing an adequate scope of work, focussing on internal financial control, applying the underlying principles in the 'internal control' section of the Academies Financial Handbook.

The aims of independent financial reviews are to protect the Academy's assets; to identify and manage the risk of conflict of interest, loss, waste, bribery, theft or fraud; to ensure that financial reporting is robust and of sufficient quality; and to ensure that the Trustees comply with laws and regulations relating to finance.

| Trustee | Meetings attended | Out of a possible |
|--|-------------------|-------------------|
| Name | | |
| Mr John Gardner (appointed 17.09.2018) | 1 | 1 |
| Mr A Hadi (appointed 17.09.2018) | 1 | 1 |
| Ms Jean Helme (appointed 17.09.2018) | 1 | 1 |
| Mr Peter Lee (appointed 17.09.2018) | 1 | 1 |

Review of value for money

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

The accounting officer considers how the academy trust's use of its resources has provided good value for money during 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 trust has delivered improved value for money during the year.

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Governance statement for the year ended 31 August 2019 (continued)

The academy focusses on raising attainment for all students linked to aims and objectives included within the School Improvement Plan, thus ensuring maximum impact in the provision of the curriculum. This is achieved by:

- The school employs additional teachers to support both the academic and 'whole child' curriculum. However, the school has decreased this slightly as funding in real terms is reduced. For example the move to reduce the number of classes from 8 to 7 in each year group.
- Targeted support is provided for students, through the SEND department, pastoral systems and external agencies.
- The school purchases an external counselling service, offering students a counselling service to support them with a range of issues.
- All expiring contracts are appraised and renegotiated where necessary to ensure that value for money is achieved. The school ensures that competitive tendering procedures are adhered to when entering into new contracts which exceed the tendering value.
- The school have negotiated a reduction in the subsidy for the provision of school meals with the catering provider and ensured that the prices for the staff and students have not increased to the level that was originally suggested.
- Energy conservation measures are being explored in conjunction with the Eco committee.
- Feltons chartered accountants and business advisers conduct an annual audit at year-end prior to the compilation of the year-end annual accounts, which are then presented to the governing body for approval.
- The school engages with other educational providers, teaching school alliances and subscribes to the Birmingham Association of School Business Managers, PIXL (Partners in Excellence), National Association of School Business Managers, Education Executive and the National Governors' Association. These groups provide a valuable tool for accessing and sharing new ideas with colleagues and can show how to drive up standards.

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 the academy trust's 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 Yardleys School for the year to 31 August 2019 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of trustees has reviewed the key risks to which the academy trust 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 on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the year to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

Governance statement for the year ended 31 August 2019 (continued)

The Risk and Control Framework

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

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

The board of trustees are in the process of selecting and appointing an internal auditor.

An independent financial review is periodically undertaken which includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control accounts / bank reconciliations

There were no areas for action or concern as a result of the internal reviews that were undertaken during the year.

Review of Effectiveness

As accounting officer, Brynley Evans (the head teacher) has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

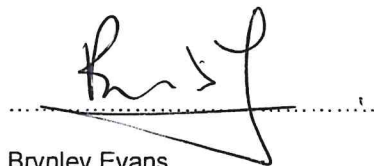
- the work of the internal reviewer
- the work of the external auditor;

The accounting officer has been advised of the results of the review of the system of internal control and there have been no areas for improvement or recommendations.

Approved by order of the members of the board of trustees on 6th December 2019 and signed on its behalf by:



Jean Helme
Chair of Trustees



Brynley Evans
Accounting Officer

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Statement of regularity, propriety and compliance
for the year ended 31 August 2019

As accounting officer of Yardleys School I have considered my responsibility to notify the academy trust 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 trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

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

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



..... Brynley Evans – Accounting Officer

6th December 2019

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Statement of Trustees' Responsibilities
for the year ended 31 August 2019

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 the ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the board of trustees on 6th December 2019 and signed on its behalf by:



..... Jean Helme – Chair of Trustees

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Independent Auditor's Report on the Financial Statements to the Members of
Yardleys School

Opinion

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

In our opinion the financial statements :

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

Basis for opinion

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

Conclusions relating to going concern

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 trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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Independent Auditor's Report on the Financial Statements to the Members of Yardleys School

(continued)

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' 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 trust and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' 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
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent Auditor's Report on the Financial Statements to the Members of Yardleys School

(continued)

Responsibilities for the financial statements

As explained more fully in the trustees' responsibilities statement (set out on page 14), the trustees (who are also the directors of the academy trust 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 trust'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 trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

**Yardleys School
(A Company Limited by Guarantee)**

Independent Auditor's Report on the Financial Statements to the Members of Yardleys School

(continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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



David W Farnsworth FCA (Senior Statutory Auditor)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

11 December 2019

Yardleys School
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Yardleys School and the Education & Skills Funding Agency

In accordance with the terms of our engagement letter dated 31 March 2014 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Yardleys School during the period 1 September 2018 to 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

Respective responsibilities of Yardleys School's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Yardleys School's funding agreement with the Secretary of State for Education dated 31 July 2013 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

The work undertaken to draw our conclusion includes :

- Consideration of the applicable legislation and the academy trust's funding agreement
- Review and evaluation of the academy trust's system of internal controls
- Examination and assessment of the Accounting Officer's statement on Regularity, Propriety and Compliance
- Examination, on a test basis, of third party evidence supporting income and expenditure
- Review of exceptional and unusual items

Yardleys School
(A Company Limited by Guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Yardleys School and the Education & Skills Funding Agency (continued)

Conclusion

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



David W Farnsworth FCA (Reporting Accountant)

For and on behalf of Feltons, Statutory Auditor

8 Sovereign Court

8 Graham Street

Birmingham B1 3JR

11 December 2019

Yardleys School
(A Company Limited by Guarantee)

Statement of financial activities for the year ended 31 August 2019
(including income and expenditure account)

| | Notes | Unrestricted funds £ | Restricted pension fund £ | Restricted general funds £ | Restricted fixed asset funds £ | Total 2018/19 £ | Total 2017/18 £ |
|--|--------|----------------------------|------------------------------------|-------------------------------------|---|-----------------------|-----------------------|
| Income from : | | | | | | | |
| Donations and capital grants | 2 | - | - | - | 66,170 | 66,170 | 19,373 |
| Charitable activities : | 3 | | | | | | |
| Funding for the academy trust's educational operations | | 4,855 | - | 6,755,566 | - | 6,760,421 | 6,608,487 |
| Other trading activities | 4 | 30,143 | - | - | - | 30,143 | 21,995 |
| Investments | 5 | 12,744 | - | - | - | 12,744 | 13,850 |
| Total | | 47,742 | - | 6,755,566 | 66,170 | 6,869,478 | 6,663,705 |
| Expenditure on : | | | | | | | |
| Charitable activities: | | | | | | | |
| Academy trust's educational operations | 6 | 6,598 | 253,000 | 6,550,168 | 411,964 | 7,221,730 | 7,010,005 |
| Total | | 6,598 | 253,000 | 6,550,168 | 411,964 | 7,221,730 | 7,010,005 |
| Net income/(expenditure) before transfers | | 41,144 | (253,000) | 205,398 | (345,794) | (352,252) | (346,300) |
| Transfers between funds | 14 | (669,520) | - | (27,989) | 697,509 | - | - |
| Net income/(expenditure) after transfers | | (628,376) | (253,000) | 177,409 | 351,715 | (352,252) | (346,300) |
| Other recognised gains/(losses) | | | | | | | |
| Actuarial gains/(losses) on defined benefit pension schemes | 14, 22 | - | (469,000) | - | - | (469,000) | 550,000 |
| Net movement in funds | | (628,376) | (722,000) | 177,409 | 351,715 | (821,252) | 203,700 |
| Reconciliation of funds | | | | | | | |
| Total funds brought forward | 14 | 1,511,759 | (2,783,000) | 1,023,437 | 14,726,467 | 14,478,663 | 14,274,963 |
| Total funds carried forward | | 883,383 | (3,505,000) | 1,200,846 | 15,078,182 | 13,657,411 | 14,478,663 |

All of the Academy's activities derive from continuing operations during the above two financial periods.

Yardleys School
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Company number : 08496504
Balance sheet as at 31 August 2019

| | Notes | 2019 | | 2018 | |
|---|-------|--------------------|--------------------------|--------------------|--------------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 11 | | 15,246,268 | | 14,907,914 |
| Current assets | | | | | |
| Debtors | 12 | 137,328 | | 228,272 | |
| Cash at bank and in hand | | <u>2,535,795</u> | | <u>3,426,605</u> | |
| | | 2,673,123 | | 3,654,877 | |
| Liabilities | | | | | |
| Creditors: amounts falling due within one year | 13(a) | <u>630,077</u> | | <u>1,160,867</u> | |
| Net current assets | | | 2,043,046 | | 2,494,010 |
| Total assets less current liabilities | | | <u>17,289,314</u> | | <u>17,401,924</u> |
| Creditors: amounts falling due after more than one year | 13(b) | | (126,903) | | (140,261) |
| Net assets excluding pension liability | | | <u>17,162,411</u> | | <u>17,261,663</u> |
| Defined benefit pension scheme liability | 22 | | (3,505,000) | | (2,783,000) |
| Total net assets | | | <u><u>13,657,411</u></u> | | <u><u>14,478,663</u></u> |
| Funds of the academy trust : | | | | | |
| Restricted funds | | | | | |
| Fixed asset fund | 14 | 15,078,182 | | 14,726,467 | |
| Restricted income fund | 14 | 1,200,846 | | 1,023,437 | |
| Pension reserve | 14 | <u>(3,505,000)</u> | | <u>(2,783,000)</u> | |
| Total restricted funds | | | 12,774,028 | | 12,966,904 |
| Unrestricted income funds | 14 | | 883,383 | | 1,511,759 |
| Total funds | | | <u><u>13,657,411</u></u> | | <u><u>14,478,663</u></u> |

The financial statements on pages 21 to 43 were approved by the trustees, and authorised for issue on 6th December 2019 and are signed on their behalf by:



Jean Helme - Chair of Trustees

Yardleys School
(A Company Limited by Guarantee)

Statement of cash flows for the year ended 31 August 2019

| | Notes | 2018/19 £ | 2017/18 £ |
|--|--------------|-----------------------|-----------------------|
| Cash flows from operating activities | | | |
| Net cash provided by / (used in) operating activities | 18 | (219,406) | 869,761 |
| Cash flows from investing activities | 19 | (671,404) | (346,989) |
| Change in cash and cash equivalents in the reporting period | | <hr/> (890,810) <hr/> | <hr/> 522,772 <hr/> |
| Cash and cash equivalents at 1 September 2018 | | 3,426,605 | 2,903,833 |
| Cash and cash equivalents at 31 August 2019 | 20 | <hr/> 2,535,795 <hr/> | <hr/> 3,426,605 <hr/> |

Yardleys School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019

1. Accounting policies

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

Basis of preparation

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

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

Going concern

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

Income

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

- **Grants**

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

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

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital 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.

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

Income (continued)

- **Donations**
Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.
- **Other income**
Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the academy trust has provided the goods or services.
- **Donated goods, facilities and services**
Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. Upon sale the fair value of the goods is charged against, and the proceeds are recognised as, 'Income from other trading activities'.

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

Expenditure

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

- **Expenditure on raising funds**
This includes all expenditure incurred by the academy trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.
- **Charitable activities**
These are costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

Yardleys School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

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. 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 over its expected useful life as follows:

| | |
|--------------------------|-------------------------------|
| Long leasehold buildings | - straight line over 50 years |
| Fittings and equipment | - 10% straight line |
| Computer hardware | - 33% straight line |
| Motor Vehicles | - 25% reducing balance |

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

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

Liabilities

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

Leased assets

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

Financial instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Yardleys School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

Financial instruments (continued)

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. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

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

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

Pension benefits

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

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

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

Notes to the financial statements for the year ended 31 August 2019 (continued)

1. Accounting policies (continued)

Pension benefits (continued)

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

Fund accounting

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

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

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

Critical accounting estimates and areas of judgement

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 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 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

PFI Agreement

The Academy occupies buildings which are owned by Birmingham City Council and utilised by the Academy under a PFI agreement between Council and the PFI contractor. The Academy pays revenue contributions in respect of facilities management. The contract will expire in 2031. The Academy has the rights and obligations of ownership in respect of these assets which are therefore included on the Academy's balance sheet as at the date of conversion.

Assets other than buildings are accounted for at fair value with the corresponding liability included in creditors in accordance with FRS 5.

Yardleys School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

2. Donations and capital grants

| | Unrestricted funds £ | Restricted general fund £ | Restricted fixed asset funds £ | 2018/19 Total £ | 2017/18 Total £ |
|-------------------|----------------------------|------------------------------------|---|-----------------------|-----------------------|
| Capital grants | - | - | 66,170 | 66,170 | 19,373 |
| | - | - | 66,170 | 66,170 | 19,373 |
| 2018 total | - | - | 19,373 | 19,373 | |

3. Funding for the Academy Trust's educational operations

| | Unrestricted funds £ | Restricted general fund £ | Restricted fixed asset funds £ | 2018/19 Total £ | 2017/18 Total £ |
|---|----------------------------|------------------------------------|---|-----------------------|-----------------------|
| DfE/ESFA grants | | | | | |
| General Annual Grant (GAG) | - | 6,120,735 | - | 6,120,735 | 6,091,852 |
| Other DfE Group grants | - | 479,102 | - | 479,102 | 465,973 |
| Teaching School grants | - | - | - | - | - |
| | - | 6,599,837 | - | 6,599,837 | 6,557,825 |
| Other government grants | | | | | |
| Local authority grants | - | 155,729 | - | 155,729 | 38,152 |
| | - | 155,729 | - | 155,729 | 38,152 |
| Other income from the academy trust's educational operations | | | | | |
| | 4,855 | - | - | 4,855 | 12,510 |
| | 4,855 | 155,729 | - | 160,584 | 50,662 |
| | 4,855 | 6,755,566 | - | 6,760,421 | 6,608,487 |
| 2018 total | 12,510 | 6,595,977 | - | 6,608,487 | |

4. Other trading activities

| | Unrestricted funds £ | Restricted funds £ | 2018/19 Total £ | 2017/18 Total £ |
|-------------------|----------------------------|--------------------------|-----------------------|-----------------------|
| Miscellaneous | 30,143 | - | 30,143 | 21,995 |
| | 30,143 | - | 30,143 | 21,995 |
| 2018 total | 21,995 | - | 21,995 | |

Yardleys School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

5. Investment income

| | Unrestricted funds £ | Restricted funds £ | 2018/19 Total £ | 2017/18 Total £ |
|---------------------|----------------------------|--------------------------|-----------------------|-----------------------|
| Short term deposits | 12,744 | - | 12,744 | 13,850 |
| 2018 total | 13,850 | - | 13,850 | |

6. Expenditure

| | Staff costs £ | Non pay expenditure Premises £ | Other £ | 2018/19 Total £ | 2017/18 Total £ |
|----------------------------------|---------------------|--------------------------------------|------------------|-----------------------|-----------------------|
| Academy's educational operations | | | | | |
| Direct costs | 4,063,236 | 246,409 | 330,167 | 4,639,812 | 4,543,769 |
| Allocated support costs | 898,854 | 270,790 | 1,412,274 | 2,581,918 | 2,466,236 |
| | <u>4,962,090</u> | <u>517,199</u> | <u>1,742,441</u> | <u>7,221,730</u> | <u>7,010,005</u> |
| 2018 total | 4,885,201 | 554,902 | 1,569,902 | 7,010,005 | |

Net income/(expenditure) for the period includes :

| | | 2018/19 £ | 2017/18 £ |
|-------------------------|-----------------------|--------------|--------------|
| Operating leases | - plant and machinery | 8,521 | 7,969 |
| | - other | 1,095,995 | 979,799 |
| Depreciation | | 411,964 | 373,477 |
| Fees payable to auditor | - audit | <u>8,050</u> | <u>7,800</u> |

Yardleys School
(A Company Limited by Guarantee)

Notes to the financial statements for the year ended 31 August 2019 (continued)

7. Charitable activities

| | Unrestricted funds £ | Restricted pension fund £ | Other restricted funds £ | 2018/19 Total £ | 2017/18 Total £ |
|----------------------------------|----------------------------|------------------------------------|-----------------------------------|-----------------------|-----------------------|
| Educational operations | | | | | |
| Direct costs | 5,285 | - | 4,634,527 | 4,639,812 | 4,543,769 |
| Support costs | 1,313 | 253,000 | 2,327,605 | 2,581,918 | 2,466,236 |
| | <u>6,598</u> | <u>253,000</u> | <u>6,962,132</u> | <u>7,221,730</u> | <u>7,010,005</u> |
| 2018 total | <u>13,584</u> | <u>232,000</u> | <u>6,764,421</u> | <u>7,010,005</u> | |
| Analysis of support costs | | | | | |
| Support staff costs | - | 253,000 | 645,854 | 898,854 | 867,652 |
| Depreciation | - | - | 165,555 | 165,555 | 146,143 |
| Technology costs | - | - | 1,614 | 1,614 | 11,628 |
| Premises costs | - | - | 1,209,751 | 1,209,751 | 1,148,199 |
| Other support costs | 1,313 | - | 296,781 | 298,094 | 284,814 |
| Governance costs | - | - | 8,050 | 8,050 | 7,800 |
| Total support costs | <u>1,313</u> | <u>253,000</u> | <u>2,327,605</u> | <u>2,581,918</u> | <u>2,466,236</u> |
| 2018 total | <u>3,674</u> | <u>232,000</u> | <u>2,230,562</u> | <u>2,466,236</u> | |

8. Staff

a) Staff costs

Staff costs during the period were:

| | 2018/19 £ | 2017/18 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 3,614,835 | 3,594,705 |
| Social security costs | 376,676 | 367,886 |
| Pension costs | 898,173 | 876,149 |
| | <u>4,889,684</u> | <u>4,838,740</u> |
| Agency staff costs | 72,406 | 46,461 |
| | <u>4,962,090</u> | <u>4,885,201</u> |

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Notes to the financial statements for the year ended 31 August 2019 (continued)

8. Staff (continued)

b) Staff numbers

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

| | 2018/19 Number | 2017/18 Number |
|----------------------------|-------------------|-------------------|
| Teachers | 57 | 62 |
| Administration and support | 42 | 45 |
| Management | 8 | 8 |
| | <u>107</u> | <u>115</u> |

c) Higher paid staff

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

| | 2018/19 Number | 2017/18 Number |
|---------------------|-------------------|-------------------|
| £60,001 - £70,000 | 1 | 1 |
| £70,001 - £80,000 | 2 | 1 |
| £80,001 - £90,000 | 2 | 2 |
| £100,001 - £110,000 | <u>1</u> | <u>1</u> |

d) Key management personnel

The key management personnel of the academy trust 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 trust was £920,690 (2018: £889,725).

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Notes to the financial statements for the year ended 31 August 2019 (continued)

9. Related Party Transactions - Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows :

| | |
|---|--|
| B Evans (head teacher and trustee) | |
| Remuneration | £100,000 - £105,000 (2018 : £100,000 - £105,000) |
| Employer's pension contributions paid | £15,000 - £20,000 (2018 : £15,000 - £20,000) |
| S Sohal (staff trustee - resigned 17/09/2019) | |
| Remuneration | £45,000 - £50,000 (2018 : £40,000 - £45,000) |
| Employer's pension contributions paid | £5,000 - £10,000 (2018 : £5,000 - £10,000) |
| B Gray (staff trustee) | |
| Remuneration | £30,000 - £35,000 (2018 : £30,000 - £35,000) |
| Employer's pension contributions paid | £5,000 - £10,000 (2018 : £nil - £5,000) |
| B Tilley (staff trustee) | |
| Remuneration | £35,000 - £40,000 (2018 : £35,000 - £40,000) |
| Employer's pension contributions paid | £5,000- £10,000 (2018 : £5,000 - £10,000) |

During the year ended 31 August 2019, travel and subsistence expenses totalling £nil (2018 : £nil) were reimbursed or paid directly to nil (2018 : nil) trustees.

10. Trustees' and officers' insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost of this insurance is included in the total insurance cost.

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Notes to the financial statements for the year ended 31 August 2019 (continued)

11. Tangible fixed assets

| | Assets under construction £ | Leasehold land and buildings £ | Fittings and equipment £ | Computer hardware £ | Motor vehicles £ | Total £ |
|--------------------------|--------------------------------------|---|--------------------------------|---------------------------|------------------------|------------|
| Cost or valuation | | | | | | |
| At 1 September 2018 | 458,354 | 15,744,046 | 522,137 | 269,497 | 25,033 | 17,019,067 |
| Additions | 669,520 | 15,791 | 14,886 | 50,121 | - | 750,318 |
| Disposals | - | - | - | (9,019) | - | (9,019) |
| Reclassification | (1,127,874) | 1,127,874 | - | - | - | - |
| At 31 August 2019 | - | 16,887,711 | 537,023 | 310,599 | 25,033 | 17,760,366 |
| Depreciation | | | | | | |
| At 1 September 2018 | - | 1,596,080 | 229,028 | 266,788 | 19,257 | 2,111,153 |
| Charge for the year | - | 338,011 | 53,702 | 18,807 | 1,444 | 411,964 |
| Released by disposals | - | - | - | (9,019) | - | (9,019) |
| At 31 August 2019 | - | 1,934,091 | 282,730 | 276,576 | 20,701 | 2,514,098 |
| Net book values | | | | | | |
| At 31 August 2019 | - | 14,953,620 | 254,293 | 34,023 | 4,332 | 15,246,268 |
| At 31 August 2018 | 458,354 | 14,147,966 | 293,109 | 2,709 | 5,776 | 14,907,914 |

Leasehold property was valued at 29 May 2014 by The Valuation Office Agency – DVS and the furniture and equipment and computer hardware were valued as at the same date by the trustees. The basis on which the valuations were made was depreciated replacement cost.

Cost or valuation at
31 August 2019 is
represented by :

| | Assets under construction £ | Leasehold land and buildings £ | Fittings and equipment £ | Computer hardware £ | Motor vehicles £ | Total £ |
|-------------------|--------------------------------------|---|--------------------------------|---------------------------|------------------------|------------|
| Valuation in 2014 | - | 15,618,800 | 254,982 | 47,129 | 25,033 | 15,945,944 |
| Cost | - | 1,268,911 | 282,041 | 263,470 | - | 1,814,422 |
| | - | 16,887,711 | 537,023 | 310,599 | 25,033 | 17,760,366 |

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Notes to the financial statements for the year ended 31 August 2019 (continued)

12. Debtors

| | 2019 | 2018 |
|--------------------------------|----------------|----------------|
| | £ | £ |
| Debtors from operations | 177 | 1,960 |
| VAT recoverable | 24,924 | 114,865 |
| Prepayments and accrued income | 112,227 | 111,447 |
| | <u>137,328</u> | <u>228,272</u> |

13. Creditors

| | 2019 | 2018 |
|--|----------------|------------------|
| | £ | £ |
| (a) Amounts falling due within one year : | | |
| Other taxation and social security | 378,984 | 760,909 |
| Accruals and deferred income | 119,150 | 268,015 |
| Other creditors | 131,943 | 131,943 |
| | <u>630,077</u> | <u>1,160,867</u> |

(b) Amounts falling due after more than one year :

| | | |
|-----------------|----------------|----------------|
| Other creditors | <u>126,903</u> | <u>140,261</u> |
|-----------------|----------------|----------------|

Other creditors includes amounts due to Birmingham City Council for obligations under PFI contracts. Yardleys School have agreed to pay the Council amounts for maintenance of buildings, and for assets other than property acquired on conversion. The arrangements are for 11 years for the FM contract.

Notes to the financial statements for the year ended 31 August 2019 (continued)

14. Funds

| | Balance at 1 September 2018 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2019 £ |
|--|--|------------------|--------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 1,023,437 | 6,120,735 | (5,915,337) | (27,989) | 1,200,846 |
| Pupil premium | - | 409,686 | (409,686) | - | - |
| Other grants | - | 225,145 | (225,145) | - | - |
| | <u>1,023,437</u> | <u>6,755,566</u> | <u>(6,550,168)</u> | <u>(27,989)</u> | <u>1,200,846</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 14,053,116 | - | (317,166) | - | 13,735,950 |
| DfE Group capital grants | 31,599 | 66,170 | (22,986) | 32,764 | 107,547 |
| Capital expenditure from GAG/unrestricted funds | 665,936 | - | (41,438) | 651,387 | 1,275,885 |
| PFI provider | (24,184) | - | (30,374) | 13,358 | (41,200) |
| | <u>14,726,467</u> | <u>66,170</u> | <u>(411,964)</u> | <u>697,509</u> | <u>15,078,182</u> |
| Pension reserve | <u>(2,783,000)</u> | <u>-</u> | <u>(253,000)</u> | <u>(469,000)</u> | <u>(3,505,000)</u> |
| Total restricted funds | <u>12,966,904</u> | <u>6,821,736</u> | <u>(7,215,132)</u> | <u>200,520</u> | <u>12,774,028</u> |
| Unrestricted funds | | | | | |
| Other income | <u>1,511,759</u> | <u>47,742</u> | <u>(6,598)</u> | <u>(669,520)</u> | <u>883,383</u> |
| Total unrestricted funds | <u>1,511,759</u> | <u>47,742</u> | <u>(6,598)</u> | <u>(669,520)</u> | <u>883,383</u> |
| Total funds | <u>14,478,663</u> | <u>6,869,478</u> | <u>(7,221,730)</u> | <u>(469,000)</u> | <u>13,657,411</u> |

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

Restricted general funds

These comprise all restricted funds other than restricted fixed asset funds and include grants from The Education & Skills Funding Agency and Birmingham Council.

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

Unrestricted funds

These comprise resources that may be used towards meeting any of the charitable objects of the academy trust at the discretion of the trustees.

Restricted fixed asset funds

These comprise resources which are to be applied to specific capital purposes imposed by The Education & Skills Funding Agency and Birmingham] where the asset acquired or created is held for a specific purpose.

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Notes to the financial statements for the year ended 31 August 2019 (continued)

14. Funds (continued)

Comparative information in respect of the preceding period

| | Balance at 1 September 2017 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2018 £ |
|--|--|------------------|--------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 966,759 | 6,091,852 | (5,886,819) | (148,355) | 1,023,437 |
| Pupil premium | - | 465,973 | (465,973) | - | - |
| Other grants | - | 38,152 | (38,152) | - | - |
| | <u>966,759</u> | <u>6,595,977</u> | <u>(6,390,944)</u> | <u>(148,355)</u> | <u>1,023,437</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 14,370,763 | - | (317,647) | - | 14,053,116 |
| DfE Group capital grants | 24,414 | 19,373 | (4,178) | (8,010) | 31,599 |
| Capital expenditure from GAG/unrestricted funds | 175,355 | - | (21,279) | 511,860 | 665,936 |
| PFI provider | (7,169) | - | (30,373) | 13,358 | (24,184) |
| | <u>14,563,363</u> | <u>19,373</u> | <u>(373,477)</u> | <u>517,208</u> | <u>14,726,467</u> |
| Pension reserve | <u>(3,101,000)</u> | <u>-</u> | <u>(232,000)</u> | <u>550,000</u> | <u>(2,783,000)</u> |
| Total restricted funds | <u>12,429,122</u> | <u>6,615,350</u> | <u>(6,996,421)</u> | <u>918,853</u> | <u>12,966,904</u> |
| Unrestricted funds | | | | | |
| Other income | <u>1,845,841</u> | <u>48,355</u> | <u>(13,584)</u> | <u>(368,853)</u> | <u>1,511,759</u> |
| Total unrestricted funds | <u>1,845,841</u> | <u>48,355</u> | <u>(13,584)</u> | <u>(368,853)</u> | <u>1,511,759</u> |
| Total funds | <u>14,274,963</u> | <u>6,663,705</u> | <u>(7,010,005)</u> | <u>550,000</u> | <u>14,478,663</u> |

15. Analysis of net assets between funds

Fund balances at 31 August 2019
are represented by:

| | Unrestricted funds £ | Restricted pension funds £ | Restricted general funds £ | Restricted fixed asset funds £ | Total funds £ |
|------------------------------|----------------------------|-------------------------------------|-------------------------------------|---|---------------------|
| Tangible fixed assets | - | - | - | 15,246,268 | 15,246,268 |
| Current assets | 883,383 | - | 1,789,740 | - | 2,673,123 |
| Current liabilities | - | - | (588,894) | (41,183) | (630,077) |
| | <u>883,383</u> | <u>-</u> | <u>1,200,846</u> | <u>15,205,085</u> | <u>17,289,314</u> |
| Creditors due after one year | - | - | - | (126,903) | (126,903) |
| Pension scheme liability | - | (3,505,000) | - | - | (3,505,000) |
| Total net assets | <u>883,383</u> | <u>(3,505,000)</u> | <u>1,200,846</u> | <u>15,078,182</u> | <u>13,657,411</u> |

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Notes to the financial statements for the year ended 31 August 2019 (continued)

15. Analysis of net assets between funds (continued)

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

| | Unrestricted funds | Restricted pension funds | Restricted general funds | Restricted fixed asset funds | Total funds |
|------------------------------|--------------------|--------------------------|--------------------------|------------------------------|-------------------|
| | £ | £ | £ | £ | £ |
| Tangible fixed assets | - | - | - | 14,907,914 | 14,907,914 |
| Current assets | 1,511,759 | - | 2,143,118 | - | 3,654,877 |
| Current liabilities | - | - | (1,119,681) | (41,186) | (1,160,867) |
| | <u>1,511,759</u> | <u>-</u> | <u>1,023,437</u> | <u>14,866,728</u> | <u>17,401,924</u> |
| Creditors due after one year | - | - | - | (140,261) | (140,261) |
| Pension scheme liability | - | (2,783,000) | - | - | (2,783,000) |
| Total net assets | <u>1,511,759</u> | <u>(2,783,000)</u> | <u>1,023,437</u> | <u>14,726,467</u> | <u>14,478,663</u> |

16. Capital commitments

| | 2019 £ | 2018 £ |
|---|-----------|----------------|
| Contracted for but not provided in the financial statements | <u>-</u> | <u>682,519</u> |

17. Commitments under operating leases

At 31 August 2019 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

| | Land and buildings | | Other | |
|--|--------------------|-------------------|---------------|---------------|
| | Total 2019 | Total 2018 | Total 2019 | Total 2018 |
| | £ | £ | £ | £ |
| Amounts due within one year | 916,560 | 916,560 | 8,408 | 7,842 |
| Amounts due between one and five years | 3,666,240 | 3,666,240 | 17,666 | 23,525 |
| Amounts due after five years | 5,812,044 | 6,950,580 | - | - |
| | <u>10,394,844</u> | <u>11,533,380</u> | <u>26,074</u> | <u>31,367</u> |

18. Reconciliation of net income/(expenditure) to net cash flow from operating activities

| | 2018/19 Total £ | 2017/18 Total £ |
|--|-----------------------|-----------------------|
| Net income/(expenditure) for reporting period (as per the SoFA) | (352,252) | (346,300) |
| Adjusted for : | | |
| Depreciation (note 11) | 411,964 | 373,477 |
| Capital grants from DfE and other capital income | (66,170) | (19,373) |
| Interest receivable (note 5) | (12,744) | (13,850) |
| Defined benefit pension scheme cost less contributions payable (note 22) | 182,000 | 154,000 |
| Defined benefit pension scheme finance cost/(income) (note 22) | 71,000 | 78,000 |
| Decrease / (increase) in debtors | 90,944 | (91,760) |
| Increase / (decrease) in creditors | (544,148) | 735,567 |
| Net cash provided by / (used in) operating activities | <u>(219,406)</u> | <u>869,761</u> |

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Notes to the financial statements for the year ended 31 August 2019 (continued)

19. Cash flows from investing activities

| | 2018/19 Total £ | 2017/18 Total £ |
|--|-----------------------|-----------------------|
| Interest received | 12,744 | 13,850 |
| Purchase of tangible fixed assets | (750,318) | (380,212) |
| Capital grants from DfE Group | 66,170 | 19,373 |
| Net cash provided by / (used in) investing activities | (671,404) | (346,989) |

20. Analysis of cash and cash equivalents

| | At 31 August 2019 £ | At 31 August 2018 £ |
|--------------------------|------------------------------|------------------------------|
| Cash at bank and in hand | 2,535,795 | 3,426,605 |
| | 2,535,795 | 3,426,605 |

21. 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.

22. Pension and similar obligations

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

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Notes to the financial statements for the year ended 31 August 2019 (continued)

22. Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the year amounted to £422,593 (2018 : £427,693).

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

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

Notes to the financial statements for the year ended 31 August 2019 (continued)

22. Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £280,000 (2018 : £274,000.), of which employer's contributions totalled £220,000 (2018 : £215,000) and employees' contributions totalled £60,000 (2018 : £59,000). The agreed contribution rates for future years are 15.8% for employers and between 5.5% and 10.5% for employees.

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

The trustees have agreed that the trust will make additional contributions in addition to normal funding levels over the next 28 years.

Principal actuarial assumptions

| | At 31 August 2019 | At 31 August 2018 |
|--|----------------------|----------------------|
| Rate of increase in salaries | 3.65% | 3.80% |
| Rate of increase for pensions in payment / inflation | 2.15% | 2.30% |
| Discount rate for scheme liabilities | 1.90% | 2.65% |
| Inflation assumption (CPI) | 2.15% | 2.30% |
| Commutation of pensions to lump sums | 50.00% | 50.00% |

Sensitivity analysis

| | As disclosed | Discount rate | CPI rate | In life expectancy |
|-----------------------------------|-----------------|------------------|-------------|-----------------------|
| | | + 0.1% pa | + 0.1% pa | + 1 year |
| | £'000s | £'000s | £'000s | £'000s |
| Present value of total obligation | 5,369 | 5,221 | 5,491 | 5,563 |
| Projected service cost | 376 | 365 | 387 | 389 |
| | | - 0.1% pa | - 0.1% pa | - 1 year |
| | £'000s | £'000s | £'000s | £'000s |
| Present value of total obligation | 5,369 | 5,521 | 5,251 | 5,182 |
| Projected service cost | 376 | 388 | 365 | 363 |

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

| | At 31 August 2019 | At 31 August 2018 |
|----------------------|----------------------|----------------------|
| Retiring today | | |
| Males | 20.9 | 21.9 |
| Females | 23.2 | 24.4 |
| Retiring in 20 years | | |
| Males | 22.6 | 24.1 |
| Females | 25.1 | 26.7 |

Notes to the financial statements for the year ended 31 August 2019 (continued)

22. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

| | 31 August 2019 £ | 31 August 2018 £ |
|-------------------------------------|------------------------|------------------------|
| Equities | 1,120,000 | 947,000 |
| Government bonds | 177,000 | 108,000 |
| Other bonds | 71,000 | 55,000 |
| Property | 152,000 | 121,000 |
| Cash/liquidity | 67,000 | 56,000 |
| Other | 277,000 | 209,000 |
| Total market value of assets | 1,864,000 | 1,496,000 |

The actual return on scheme assets was £107,000 (2018 : £16,000).

| | 2018/19 £ | 2017/18 £ |
|---|----------------|----------------|
| Amount recognised in the statement of financial activities | | |
| Current service cost | 401,000 | 368,000 |
| Net interest cost | 71,000 | 78,000 |
| Administration expenses | 1,000 | 1,000 |
| Total amount recognised in the SoFA | 473,000 | 447,000 |

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

| | 2018/19 £ | 2017/18 £ |
|------------------------------------|------------------|------------------|
| At 1 September 2018 | 4,279,000 | 4,337,000 |
| Current service cost | 320,000 | 368,000 |
| Interest cost | 114,000 | 113,000 |
| Employee contributions | 60,000 | 59,000 |
| Changes in demographic assumptions | (277,000) | - |
| Benefits paid | (18,000) | (29,000) |
| Changes in financial assumptions | 810,000 | (569,000) |
| Past service cost | 81,000 | - |
| At 31 August 2019 | 5,369,000 | 4,279,000 |

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Notes to the financial statements for the year ended 31 August 2019 (continued)

22. Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

| | 2018/19 | 2017/18 |
|-------------------------------------|--------------------|--------------------|
| | £ | £ |
| At 1 September 2018 | 1,496,000 | 1,236,000 |
| Interest income | 43,000 | 35,000 |
| Employer contributions | 220,000 | 215,000 |
| Employee contributions | 60,000 | 59,000 |
| Benefits paid | (18,000) | (29,000) |
| Administration expenses | (1,000) | (1,000) |
| Return on assets less interest | 64,000 | (19,000) |
| At 31 August 2019 | 1,864,000 | 1,496,000 |
| Net pension scheme liability | (3,505,000) | (2,783,000) |

23. Related party transactions

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

No related party transactions took place in the period of account other than certain trustees' remuneration and expenses already disclosed in note 9.

