Freemantle Church of England Community Academy
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2020

Company Registration Number:
07561488 (England and Wales)

Freemantle Church of England Community Academy

Contents

	Page
Reference and Administrative Details	1
Trustees' Report	3
Governance Statement	14
Statement on Regularity, Propriety and Compliance	20
Statement of Trustees' Responsibilities	21
Independent Auditor's Report on the Financial Statements	22
Independent Reporting Accountant's Report on Regularity	25
Statement of Financial Activities incorporating Income & Expenditure Account	28
Balance Sheet	29
Statement of Cash Flows	30
Notes to the Financial Statements	31

Freemantle Church of England Community Academy

Reference and Administrative Details

Members:
V Caldwell
M Denness
A Ediss
C Hallett
G Strange

Trustees:
K Barnett *
V Caldwell *
K Grove
R Hatton (resigned 21 November 2019)
N McCartney (resigned 1 December 2019)
J Moulton *
N Myszkowski (appointed 21 November 2019)
J Parker
J Powell *
A Saunders (resigned 30 January 2020)
K Staszczyk

* Member of Finance Group

Senior Management Team:
K Barnett, Centre Director
E Hindley, Deputy to Centre Director
N Myszkowski, Head of Learning (EY)
C Street, Head of Learning
K Bevan-Mackie, Professional development leader
K Grove – Parent liaison officer

Company Name
Freemantle Church of England Community Academy

Principal and Registered Office
Mansion Road
Freemantle
Southampton
Hampshire
SO15 3BQ

Freemantle Church of England Community Academy

Reference and Administrative Details

Company Registration Number
07561488 (England and Wales)

Independent Auditor
Hopper Williams & Bell Limited
Statutory Auditor
Highland House
Mayflower Close
Chandlers Ford
Eastleigh
Hampshire
SO53 4AR

Bankers
Lloyds Bank Plc
63 London Road
Southampton
Hampshire
SO15 2US

Freemantle Church of England Community Academy

Trustees' Report

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year ended 31 August 2020. 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 3 to 11 serving a mixed catchment area in the Freemantle area of Southampton. It has a pupil capacity of 465 and has a roll that fluctuates between 370 and 400.

Structure, Governance and Management

Constitution

The Academy is a company limited by guarantee with no share capital (registration no. 07561488) and an exempt charity. The company's memorandum and articles of association are the primary governing documents of the Academy. The members, with the written consent of the Diocese of Winchester, may agree unanimously in writing to appoint such additional members as they think fit. The articles of association require the members of the charitable company to appoint at least five trustees to be responsible for the statutory and constitutional affairs of the charitable company and the management of the 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

Directors' third party indemnity is covered by a policy of insurance with DfE (RPA – Risk Protection Arrangement).

Method of Recruitment and Appointment or Election of Trustees

The board of directors is comprised of up to four directors appointed by the members as outlined in the constitution, the Principal (ex officio), the Principal Officiating Minister (ex officio), staff directors appointed by the members, foundation directors appointed by the members of the PCC Christ Church Freemantle, at least two parent directors elected by parents of registered pupils at the academy, and any additional or further directors elected in accordance with the Articles of Association.

Directors are subject to retirement following four years in post but are eligible for re-election at the meeting at which they retire. At each Annual General Meeting of the charitable company, the directors to retire are those who have been in office since their last election or appointment of four years.

Freemantle Church of England Community Academy

Trustees' Report

Policies and Procedures Adopted for the Induction and Training of Trustees

The training and induction provided for new Directors will depend on their existing experience. Where necessary induction will provide training on educational, legal and financial matters. All new Directors will be given a tour of the Academy and the chance to meet with staff and pupils. All directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as directors. As there are normally only two or three new directors a year, induction tends to be done informally and is tailored specifically to the individual.

Organisational Structure

The structure of the academy consists of three levels: the Directors, The Senior Managers and the Strategic Accountability Team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels.

The Directors are responsible for setting general policy, adopting an annual plan and budget, 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 Senior Managers are the Centre Director and Deputy to the Centre Director. These managers control the Academy at an executive level implementing the policies laid down by the Directors and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Strategic Accountability Team always contain a Director. Some spending control is devolved to members of the Strategic Accountability team, following agreement with a Senior Manager.

The Strategic Accountability Team includes the Senior Management, School Development Support Partner and Curriculum Leaders. These managers are responsible for the day to day operation of the Academy, in particular organising the teaching staff, facilities and pupils.

Impact of Coronavirus-related control measures

- SCLT have reduced their meeting lengths when HT's meet.
- Social distancing is being adhered to when HT's and business managers meet, frequency of these meetings have been carefully reviewed and reduced, impacting on networking.
- Moderation meetings currently put on hold across the trust; the impact is that the trust will not have a consistent framework of pupil's 'work' to use as benchmarks. This will have to be undertaken by individual schools and academies.

Arrangements for setting pay and remuneration of key management personnel

The performance management committee and SIP receive evidence of completed objectives by the centre director and if met, the pay committee agree a pay increase following advice from the SIP to ensure any increase is justified. New objectives are then agreed by all parties and set.

Trade union facility time
Relevant union officials – there were no employees who were relevant union officials during the relevant period (full-time equivalent employee number: zero)

Percentage of time spent on facility time – no time was spent on facility time by any of the trust's employees.

Percentage of pay bill spent on facility time – zero.

Paid trade union activities – no time was spent on paid trade union activities by any of the trust's employees.

Related Parties and other Connected Charities and Organisations
The Academy Trust has links with Freemantle Home School Partnership. This is made up of parents and staff at Freemantle Academy. During the year the Academy Trust purchased services from Nexus The Educators Connection Limited. G Strange (member) is a director. Details are given in Note 24.

Objectives and Activities
Objects and Aims
The principal object and activity of the charitable company is the operation of the Freemantle C of E Community Academy to provide education for pupils of different abilities between the ages of 2 and 11 with an emphasis on basic Literacy and Numeracy Skills.

In accordance with the articles of association the charitable company has adopted a "Scheme of Government" approved by the Secretary of State for Education and Skills. The Scheme of Government specifies, amongst other things, the basis for admitting pupils to the Academy, the catchment area from which the pupils are drawn, and that the curriculum should comply with the substance of the national curriculum.

Objectives, Strategies and Activities
The main objectives of the Academy during the year ended 31 August 2020 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce;
- to conduct the Academy's business in accordance with the highest standards of integrity, probity and openness.

Objectives, Strategies and Activities (continued)
The Academy's main strategy is encompassed in its mission statement which is 'To build a learning community which has access to the best possible teaching facilities and staff'. To this end the activities provided include:

- tuition and learning opportunities for all pupils to attain appropriate academic skills and knowledge;
- training opportunities for all staff, and especially teaching staff;
- a programme of sporting and after school leisure activities for all pupils.

Impact of Coronavirus on the academy's activities
All volunteers have been excluded from the academy, and only essential visitors such as peripatetic teachers and specialist staff are able to access the site. This has reduced some of the interactions and smaller group work that will have been planned as part of the catch-up programme.

Minimal numbers of teaching students will be accessing support from the academy. There will need to be a robust and supportive induction programme created and rigidly adhered to. There is also a financial impact of approx. Potential £3k loss due to reduced students this year.

Current teachers and support staff are having to pick up the potential 'slack' that has been created by these changes.

Directors and Members meetings will go ahead but the will need to be very carefully orchestrated to ensure social distancing and safety measures are vehemently adhered to.

Internal scrutiny visits will either be remote or if run on site will be carefully organised to ensure social distancing and safety measures are vehemently adhered to.

NHS visits for flu immunisation have had to be redesigned to ensure the safety of the visiting staff and pupils and academy staff. This is an essential service visit and as such processes and procedures implemented to ensure the immunisation can go ahead safely.

Fundraising is now nil for the academic year 2020-2021. There will be no fayres, performances and or activities which would normally create additional income for the academy (a potential loss of £3-5k).

The book fayre may go ahead but this will need to be remote access to books and or carefully managed, however pupils 'thumbing books' and reviewing them will not be possible (a potential loss of £700).

A comprehensive Risk Benefit Statement (RBS) has been created by the academy explicitly for the staff and children of the academy. It is updated and shared regularly with staff and directors.

Objectives, Strategies and Activities (continued)
Classrooms have been completely redesigned and restructured to minimise the number of children in one space.

Modifications to the fabric of the building have had to be undertaken to ensure air flow and air changes are optimised for enclosed spaces.

The main hall is not in use therefore lunches are now 'cold' picnic, with the potential introduction of hot meals.

Lunchtimes have been completely reviewed and restructured; they are shorter but all children now eat during the 11.50 to 1.30 window each day.

Playground equipment is not in use and is appropriately cordoned off.

PPA and management time have been redesigned and reviewed to ensure allowance for staff whilst minimising the impact on pupils' outcomes.

Staff deployment has had to be reviewed in all departments to optimise the skills base of the staff and minimise the impact on pupil outcomes.

All trips and visits have been suspended until further notice and swimming and singing have also been suspended (with the exception or EY, where additional measures have been put in place to mitigate). This has narrowed the curriculum in these areas, but staff are keen to review and introduce other opportunities to overcome this, including additional music and sport lessons and creative use of technology to fill the potential gaps being introduced.

Public Benefit
We confirm that directors have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Strategic Report
Achievements and Performance
The Academy is now in its eighth academic year of operation and continues to achieve the forecast numbers of pupils. Total pupils in the period ended 31 August 2020 numbered 373 and the Academy continues to have a few spaces in all year groups with the exception of year 5.

To ensure that standards are continually raised the Academy:

- operates a programme of observation of lessons;
- is visited by external inspectors and educational specialists and undertakes a comparison of results from entry to Key Stage 2

Achievements and Performance (continued)
Standards in core subjects remain above and/or in line with national expectations, despite an increase of pupils new to English joining the year group (2020 academy un-validated data).

Impact of Coronavirus on the academy's achievements and performance
Pupil engagement during lockdown was low with the majority or parents not accessing home learning and or comprehensive learning activities produced for families to work from online.

All trips and visits were suspended. During initial lockdown this did not impact on pupils detrimentally, however when more classes opened it did narrow the curriculum to some extent. With smaller class sizes, teachers prepared learning opportunities such as cooking that could be carried out with preparation of materials for individual pupils to access.

Learning packs were not collected by parents despite repeated opportunities being offered by the academy and so were not used or accessed by pupils. This was a cost of approximately £1.3k.

Numbers of key workers accessing the ongoing work ranged from 2 to 12 daily.

The academy opened for all year groups with the exception of year 2 from 1 June 2020 with staggered opening dates.

Pupils FSM were provided to all eligible pupils via the 'FSM' voucher scheme.

All pupils were called via telephone regularly to ensure the academy met its safeguarding duty by class teachers, vulnerable children were called by the safeguarding lead.

Parents and children were kept up to date with changes and revisions to the day to day running of the academy via videos, Parentmails, and information sharing on the website.

The parents and children from N, Year R and Year 2 attended meetings – following Risk Benefit Statement and Government guidelines to support the transition process. Some SEND pupils followed a specific transition process.

The academy opened early on 1 September 2020 and phased the return of all year groups to enable all children to acclimatise themselves to the return to school following the prolonged absence during spring and summer 2020.

Additional teaching time has been built into the school day and after school learning clubs started on week 2 to 'extend' the opportunities the children have to access the curriculum.

Key Performance Indicators
Foundation Stage: Broadly in line with national expectation in all arears with combined GLD of 70%.
Key Stage 2: In line and above national expectation with a combined RWM of 74% based on teacher assessment.

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 Academy held fund balances at 31 August 2020 of £1,995,959 (2019: £2,614,466), comprised as follows:

- Unrestricted (free) reserves of £216,523 (2019: £198,955)
- A restricted fixed asset fund of £3,082,976 (2019: £3,166,066), which can only be realised through disposal of tangible fixed assets
- A pension deficit of £1,629,000 (2019: £1,052,000)
- Other restricted funds of £325,460 (2019: £301,445)

There are no known factors that are likely to affect the financial position of the Academy going forward other than the day to day running costs and the already planned building work.

The majority of the Academy's income is obtained from the DfE in the form of GAG and ESG grants, the use of which is restricted to particular purposes. The grants received from the DfE and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the year ended 31 August 2020, total expenditure of £1,898,861 (2019: £1,947,822) was covered by GAG and ESG grant funding from the DfE together with other incoming resources. The excess of income over expenditure for the year (excluding restricted fixed asset funds and pension reserve) was £41,583 (2019: £12,971).

At 31 August 2020 the net book value of fixed assets was £3,082,976 (2019: £3,166,066) and movements in tangible fixed assets are shown in the notes to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the Academy.

Financial impact of Coronavirus
The significant issues are the following:

1. Staff absence due to self-isolation.
2. Need for redeployment and or bringing in staff from outside of the academy's normal staff structure.
3. Replacement of staff for illness and or other factors such as maternity.
4. Availability of PPE and essential cleaning equipment.
5. Availability of food resources to ensure pupils receive their meal entitlements.
6. Additional cost due to pupils' self-isolation and food 'parcel' entitlements.

There is no figure that can be allocated here as the needs of the academy will dictate the action and or reaction to the instability of the academies staff and or resources.

The RBS is a robust tool which minimises and or mitigates COVID-19 risk wherever possible. In order to allow this to happen, keeping pupils, staff and parents safe there are significant cost and resource implications.

The most significant impact is staff who are self-isolating, in some cases for six months despite the academy making the working conditions as close to COVID-19 free as possible. The cost implications are that staff need to be redeployed or additional staff brought in from outside; both increase the risk of COVID-19 cross contamination. This in turn may mean that the academy is closed to sections or groups of pupils in the future. There is a cost implication here.

The academy stocked up on PPE and cleaning materials during lockdown and has continued to maintain and in some instances increase the stock levels of vital equipment to ensure safety and integrity of the fabric of the academy and to ensure effective smooth running.

There are no implications for pensions and or investments. The three-year budget takes account of all known increased costs from central government and or local pensions.

The academy has no investments other than the cash in bank and reserves, academy technology infra structure, and day to day resources.

Cash will continue to be monitored weekly to ensure there is sufficient for day-to-day cash flow, and where possible additional cash will be put in higher interest accounts. The threat of negative interest rates needs to be carefully considered as the BoE considers this as a possible option to support the economy.

Academy reserves have already had to be used on a day to day basis. To date, the academy has used in-year savings to purchase and maintain staffing and additional pressures created by Covid-19.

Financial impact of Coronavirus (continued)

An allocation for additional PPE and safety resources has been set aside in the current 2020-21 budget to cover further cost implications. Currently the academy Covid-19 specific costs are in excess of £1k per month, and accordingly £12k has been put aside for resources. This does not include additional staff and any unforeseen measures that may manifest in 2020-21. Funding from the in-year underspend will be used before reserves are accessed, but any major incidents may well mean that reserves are required.

2019-20, there were net losses of approximately £58k due to Covid-19. This year anticipated losses include:

1. Losses related to nursery numbers as parents do not send children to school.
2. Potential losses against catering income due to increased need for home food parcels and a decrease in the purchase of meals, whilst staffing overheads remain.
3. Increased costs of heating/gas/electric as windows need to remain open.
4. Additional home learning packs required for pupils that self-isolate.
5. Additional infrastructure costs for staff that self-isolate.
6. We currently cannot show potential new parents around (open days) for places in 2021. This may have an ongoing impact on numbers on roll for the coming year.

Reserves Policy

The directors review the reserve levels of the Academy annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The directors have determined that the appropriate level of free reserves should be equivalent to eight weeks expenditure, approximately £380,000. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grants and to provide a cushion to deal with unexpected emergencies such as urgent maintenance. The academy's current level of free reserves (total funds less the amount held in fixed assets and restricted funds) is £216,523 (2019: £198,955), which is less than is needed. The Academy intends to continue building up free reserves to the level needed.

Under Financial Reporting Standard No. 102 it is necessary to charge projected deficits on the Local Government Pension Scheme that is provided for our support staff to a specific restricted reserve. As at 31 August 2020, the deficit on this reserve amounted to £1,629,000 (2019: £1,052,000). It should be noted however that this does not present the Academy with a current liquidity problem. Contributions to the pension scheme are being increased over the next few years in order to reduce the deficit and the situation will be monitored annually.

The Academy has limited fixed assets that could be disposed of to raise funds.

Investment Policy

The general objective is to invest surplus funds in short term low risk investments to obtain a superior return on these funds compared to that obtained from the current account.

Principal Risks and Uncertainties

The directors have assessed the major risks to which the Academy is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy, and its finances. The directors have implemented a number of systems to assess risks that the academy faces, especially in the operational areas (e.g. in relation to teaching, health and safety, bullying and school trips) and in relation to the control of finance. They have introduced systems, including operational procedures (e.g. vetting of new staff and visitors, supervision of school grounds) and internal financial controls in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy has an effective system of internal financial controls and this is explained in more detail below.

Fundraising

As part of its work within the community, the academy trust undertakes fundraising activities, for example through fetes, cake sales, non-uniform days etc. The academy trust raises funds in order to support its own operations and also to make donations to local and national charities. The academy trust undertakes all such activities itself, with the help of its students and their families. We confirm that when fundraising:

- No unsolicited approaches are made to members of the public.
- No commercial participators are used.
- No regularity schemes or standards are applicable
- No complaints were made to the academy trust during the year

Plans for Future Periods

The Academy will continue striving to improve the levels of performance of its pupils at all levels and will continue its efforts to ensure its pupils are well educated and prepared for secondary education and beyond once they leave.

The most significant issue will be extended provision for pupils. We currently have reallocated three FTE teachers to enable pupils to have smaller and more intense short sessions to enhance their learning. The school day has also been lengthened to increase exposure to a broad and balanced curriculum. Additional extended provision will also be put in place accessible for all pupils from all year groups for the academic year. Whilst value for money has been carefully considered the non-curriculum and quantitative impact of these actions cannot be underestimated in getting pupils back to being school ready and accelerating their learning and improving their resilience.

Plans for Future Periods (continued)
The Academy aims in the future to extend provision of education to a greater number of pupils with particular reference to early years and pre-school. To achieve this we have a community development plan, based on an identification and analysis of need. The plan's aim is to establish ways to benefit the wider community (from links with the Southampton Co-operative Learning Trust).

Impact of Coronavirus on the academy's plans for future periods
The academy has spent in the region of £15k to date on Covid-19 specific resources and PPE. This money has had to come from the academy normal budget and in year underspend. This will need to continue in 2020/21.

Trips and visits for pupils, singing, and swimming have been postponed until further notice; it is anticipated for the entire academic year 2020/21. This has narrowed the curriculum for these areas in the short term.

Sports competitions cannot go ahead this year as the risk of cross contamination is too high. There been an impact on the percentage of time used for PE – no gymnastics, dance etc. are being undertaken at present.

Remote learning, staff meetings, and, where necessary, training for staff will continue until the perceived risk of Covid-19 is significantly reduced.

Festivals such as Harvest, Diwali, Christmas and performances etc. will need to go ahead remotely with the use of technology as mass gatherings will increase the likelihood of cross contamination within the academy,

Funds Held as Custodian Trustee on Behalf of Others
The Academy did not act as custodian trustee during the reporting period.

Auditor
Insofar as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware
- 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.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 19 November 2020 and signed on the board's behalf by:

V J Caldwell
V J Caldwell (Dec 1, 2020 12:25 GMT)

V Caldwell
Trustee

Freemantle Church of England Community Academy

Governance Statement

Scope of Responsibility

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

The board of trustees has delegated the day to day responsibility to the Head teacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Freemantle Church of England Community Academy 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 six times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
K Barnett, Centre Director	6	6
V J Caldwell	6	6
K Grove	5	6
R Hatton	0	2
N McCartney (in place of E Hindley)	0	1
J Moulton	2	6
N Myskowski	5	5
J Parker	6	6
J Powell	6	6
A Saunders	1	2
K Staszczyk	3	6

Governance (continued)

The finance committee is a sub-committee of the main board of trustees. Its purpose is to ensure the effective use of public funds to enhance and develop academic and pastoral development of pupils and members of staff within the academy. It further ensures that there is no mismanagement of public monies acting as the audit committee within its financial meeting and that they are accurately accounted for on a half termly basis.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Kevin Barnett*	6	6
Val Caldwell	6	6
Jeremy Moulton	1	6
Jack Powell	4	4
Alison Saunders	2	2

* The accounting officer attends to provide information and participate in discussions.

Governance reviews

The board has continued to develop throughout the year. The governors have undertaken external and in house training, led and delivered by the SSDP and the LA SIO. The board continues to focus on their recommendations and will continue to work towards the outcomes given during feedback. The board has timetabled in a full review schedule and the next will be undertaken in summer 2021.

The Finance Committee continues to review the risks to internal financial control at the trust and to agree a programme of work to address, and provide assurance on, those risks.

Freemantle Church of England Community Academy

Governance Statement

Review of Value for Money

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

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

- working collaboratively with other local primary schools and feeder secondary to create and enhance opportunities for staff to develop and receive training; (SCLT)
- ensuring that purchasing supplies by using economies of scale are researched and considered by the local trust group of schools; (SCLT)
- ensuring that at least three quotes are sought and considered for any procurement to ensure not only value for money but also added value for the school;
- researching and considering income generation activities and opportunities to support the DfE budget;
- reviewing contracts annually to ensure they offer value for money;
- the Finance Team meet weekly to discuss the cash position and any surplus is invested on a short term rolling deposits securing a preferential interest rate. This position is regularly reviewed by the Finance Committee;
- Following a full ESFA review, budgeting was identified as a strength of the academy and the board continues to work towards any recommendations made.

The Purpose of the System of Internal Control

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

Freemantle Church of England Community Academy

Governance Statement

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 period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

The 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 has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. However, the Trustees appointed M Sorfleet to carry out a programme of internal checks. Despite ongoing Covid-19 issues the reviewer was able to undertake his role completely but with some limitations. The accounting officer and finance officer continue to meet weekly to scrutinise the accounts for the academy and respond to identified points raised by the reviewer.

The Risk and Control Framework (continued)

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

- Selection of employees from the payroll and check salary details back to personnel records to confirm that the amount paid is correct.
- Check amendments to the payroll to ensure that appropriately authorised source documentation exists.
- Obtain details of any new contracts in the period and review documentation to ensure correct quotation/tender procedures have been followed.
- Ensure that bank accounts, financial systems and financial records are operated by more than one person.
- Ensure the Board and appropriate committees meet at least once a term and conduct business only when the meeting is quorate.
- Ensure that there are appropriate procedures in place for whistleblowing, including making sure that all staff are aware to whom they can report their concerns.

On a half termly basis the reviewer will report to the board of trustees on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities. There have been no material control issues arising as a result of the reviewer's work this year. The reviewer will receive a schedule of work for the coming year to carry out checks at the direction of the Audit Committee.

Freemantle Church of England Community Academy

Governance Statement

Review of Effectiveness

As Accounting Officer, the Centre Director has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

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

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Group and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 19 November 2020 and signed on its behalf by:

V J Caldwell
V J Caldwell (Dec 1, 2020 12:25 GMT)

V Caldwell
Trustee

Kevin Barnett
Kevin Barnett (Nov 24, 2020 10:57 GMT)

K Barnett
Accounting Officer

Freemantle Church of England Community Academy

Statement on Regularity, Propriety and Compliance

As accounting officer of Freemantle Church of England Community Academy 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 2019.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of all 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 2019.

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

Kevin Barnett
Kevin Barnett (Nov 24, 2020 10:57 GMT)

K Barnett
Accounting Officer
19 November 2020

Freemantle Church of England Community Academy

Statement of Trustees' Responsibilities

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 2019 and the Academies Accounts Direction 2019 to 2020
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 19 November 2020 and signed on its behalf by:

V J Caldwell
V J Caldwell (Dec 1, 2020 12:25 GMT)

V Caldwell
Trustee

Freemantle Church of England Community Academy

Independent Auditor's Report on the Financial Statements to the Members of Freemantle Church of England Community Academy

Opinion

We have audited the financial statements of Freemantle Church of England Community Academy ('the charitable company') for the year ended 31 August 2020 which comprise the Statement of Financial Activities (including the Income and Expenditure Account), 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, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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 charitable company'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.

Freemantle Church of England Community Academy

Independent Auditor's Report on the Financial Statements to the Members of Freemantle Church of England Community Academy

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Freemantle Church of England Community Academy

Independent Auditor's Report on the Financial Statements to the Members of Freemantle Church of England Community Academy

Responsibilities of the trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company 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 to 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

Use of our report

This report is made solely to the charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Michaela Johns

M Johns FCCA (Senior statutory auditor)
For and on behalf of Hopper Williams & Bell Limited
Statutory Auditor
Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date 01/12/2020

Freemantle Church of England Community Academy

Independent Reporting Accountant's Assurance Report on Regularity to Freemantle Church of England Community Academy and the Education & Skills Funding Agency

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

This report is made solely to the governing body and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Freemantle Church of England Community Academy and the 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 the Freemantle Church of England Community Academy and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Freemantle Church of England Community Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Freemantle Church of England Community Academy's funding agreement with the Secretary of State for Education dated 1 April 2011 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

Freemantle Church of England Community Academy

Independent Reporting Accountant's Assurance Report on Regularity to Freemantle Church of England Community Academy and the Education & Skills Funding Agency

Approach (continued)

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 to our conclusion includes:

- Consideration as to whether prior approval was sought from the Secretary of State where it is required by the Academies Financial Handbook (AFH).
- Review of any special payments to staff, including compromise agreements, to consider whether prior approval was sought where required by the AFH and that any payments are in line with the severance guidance published by ESFA.
- Consideration as to whether any borrowings have been made in accordance with the AFH.
- Review of any 'minded to' letters or Financial Notices to Improve have been issued to the academy trust.
- Review of any transactions with related parties to ensure that they have been carried out in accordance with the AFH.
- Review of governance arrangements to determine whether the requirements of the AFH have been met.
- Review of the academy trust's internal controls, including whether the general control environment has regard to the regularity of underlying transactions, including fraud management.
- Review of the academy trust's procurement policies to determine effectiveness and testing a sample of purchases to confirm that the policies have been correctly implemented.
- Identifying any conditions associated with specialist grant income and determining whether it has been spent as the purposes intended.

Freemantle Church of England Community Academy

Independent Reporting Accountant's Assurance Report on Regularity to Freemantle Church of England Community Academy and the Education & Skills Funding Agency

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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Michaela Johns

M Johns FCCA
Reporting Accountant
Hopper Williams & Bell Limited
Chartered Accountants
Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date 01/12/2020

Freemantle Church of England Community Academy

Statement of Financial Activities for the year ended 31 August 2020 (including Income and Expenditure Account)

	Note	Un-restricted funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	2019/20 Total £	2018/19 Total £
Income and endowments from:							
Donations and capital grants	3	999	-	-	8,376	9,375	32,502
Charitable activities:							
Funding for the academy trust's educational operations	4	-	1,943,321	-	-	1,943,321	1,973,014
Other trading activities	5	14,396	-	-	-	14,396	18,262
Investments	6	2,173	-	-	-	2,173	3,835
Total		17,568	1,943,321	-	8,376	1,969,265	2,027,613
Expenditure on:							
Charitable activities:							
Academy trust educational operations	8	-	1,898,861	120,000	111,911	2,130,772	2,186,053
Net income / (expenditure)		17,568	44,460	(120,000)	(103,535)	(161,507)	(158,440)
Transfers between funds	15	-	(20,445)	-	20,445	-	-
Other recognised gains / (losses):							
Actuarial losses on defined benefit pension schemes	23	-	-	(457,000)	-	(457,000)	(361,000)
Net movement in funds		17,568	24,015	(577,000)	(83,090)	(618,507)	(519,440)
Reconciliation of funds							
Total funds brought forward		198,955	301,445	(1,052,000)	3,166,066	2,614,466	3,133,906
Total funds carried forward		216,523	325,460	(1,629,000)	3,082,976	1,995,959	2,614,466

The notes on pages 31 to 54 form part of these financial statements.

Freemantle Church of England Community Academy

Balance Sheet as at 31 August 2020

Company Number 07561488

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	12		3,082,976		3,166,066
Current assets					
Debtors	13	83,971		90,001	
Cash at bank and in hand		608,827		538,908	
		692,798		628,909	
Liabilities					
Creditors: Amounts falling due within one year	14	(150,815)		(128,509)	
Net current assets			541,983		500,400
Total assets less current liabilities			3,624,959		3,666,466
Defined benefit pension scheme liability	23		(1,629,000)		(1,052,000)
Total net assets			1,995,959		2,614,466
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	15	3,082,976		3,166,066	
Restricted income fund	15	325,460		301,445	
Pension reserve	15	(1,629,000)		(1,052,000)	
Total restricted funds			1,779,436		2,415,511
Unrestricted income funds	15		216,523		198,955
Total funds			1,995,959		2,614,466

The financial statements on pages 28 to 54 were approved by the trustees and authorised for issue on 19 November 2020 and are signed on their behalf by:

V J Caldwell

V J Caldwell (Dec 1, 2020 12:25 GMT)

V Caldwell
Trustee

The notes on pages 31 to 54 form part of these financial statements.

Freemantle Church of England Community Academy

Statement of Cash Flows for the year ended 31 August 2020

	Note	2020	2019
		£	£
Cash flows from operating activities			
Net cash provided by (used in) operating activities	18	98,740	76,564
Cash flows from investing activities	19	(28,821)	(66,820)
Change in cash and cash equivalents in the reporting period		69,919	9,744
Cash and cash equivalents at 1 September 2019		538,908	529,164
Cash and cash equivalents at 31 August 2020	20	608,827	538,908

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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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.

- 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.

Income (continued)

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

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

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

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

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £500 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.

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

Freehold Land and Buildings	20-50 years straight line on buildings; not provided on land
Furniture and Equipment	3-20 years straight line
Plant and Machinery	4-15 years straight line
Computer Equipment	3 years straight line
Motor Vehicles	4 years straight line

Where the academy trust can identify the value of major components of freehold or leasehold buildings based upon additions following conversion to academy status, the academy trust reviews whether one or more such components have significantly different patterns of consumption of economic benefits. In such cases, the academy trust allocates the cost of the asset to its major components and depreciates each component separately over its useful life.

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.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

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

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

Financial assets
Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

Cash at bank
Cash at bank is classified as a basic financial instrument and is measured at face value. An investment is treated as a cash equivalent when it has a short maturity of three months or less from the date of acquisition.

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.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is 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.

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

Fund Accounting

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

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

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

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The assumptions used are disclosed in note 23.

Critical areas of judgement
There are no other critical areas of judgement.

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the academy trust was subject to limits at 31 August 2020 on the amount of GAG that could be carried forward from one year to the next. An amount equal to 12% of GAG could be carried forward, of which up to 2% could be used for general recurrent purposes, with any balance being available for premises/capital purposes.

The academy trust has not exceeded these limits during the year ended 31 August 2020.

3 Donations and capital grants

	Unrestricted funds	Restricted funds	2019/20 Total	2018/19 Total
	£	£	£	£
Capital grants	-	8,376	8,376	24,467
Other donations	999	-	999	8,035
	999	8,376	9,375	32,502
Total 2019	8,035	24,467	32,502	

4 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
DfE / ESFA grants				
General Annual Grant (GAG)	-	1,421,419	1,421,419	1,480,504
Pupil Premium	-	104,597	104,597	99,610
Other DfE Group grants	-	155,987	155,987	85,349
	-	1,682,003	1,682,003	1,665,463
Other government grants				
Local authority grants	-	211,409	211,409	229,185
Other income from the academy trust's educational operations				
Trip income	-	3,738	3,738	5,210
Other income	-	46,171	46,171	73,156
	-	49,909	49,909	78,366
	-	1,943,321	1,943,321	1,973,014
Total 2019	-	1,973,014	1,973,014	

5 Other trading activities

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Hire of facilities	4,684	-	4,684	9,271
Feed in tariff	9,712	-	9,712	8,991
	14,396	-	14,396	18,262
Total 2019	18,262	-	18,262	

6 Investment income

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Short term deposits	2,173	-	2,173	3,835
Total 2019	3,835	-	3,835	

7 Expenditure

		Non Pay Expenditure		Total	Total
	Staff costs	Premises	Other	2019/20	2018/19
	£	£	£	£	£
Academy's educational operations:					
Direct costs	1,292,965	-	171,741	1,464,706	1,479,245
Allocated support costs	487,118	63,637	115,311	666,066	706,808
	1,780,083	63,637	287,052	2,130,772	2,186,053
Total 2019	1,776,870	81,357	327,826	2,186,053	

Net income/(expenditure) for the period includes:

	2019/20	2018/19
	£	£
Operating lease rentals	9,665	11,346
Depreciation	116,761	112,555
(Gain)/loss on disposal of fixed assets	(4,850)	(324)
Fees payable to auditor for:		
Audit	5,000	4,865
Other services	3,355	3,635

Included within expenditure are the following transactions:

		Individual items above £5,000	
	Total	Amount	Reason
	£	£	
Gifts made by the academy trust	226	-	-

8 Charitable activities

	2019/20 Total	2018/19 Total
	£	£
Direct costs	1,464,706	1,479,245
Support costs	666,066	706,808
	2,130,772	2,186,053

Analysis of support costs:

	Educational operations	2019/20 Total	2018/19 Total
	£	£	£
Support staff costs	487,118	487,118	500,326
Depreciation	44,970	44,970	40,777
Premises costs	63,637	63,637	81,357
Other support costs	62,006	62,006	75,848
Governance costs	8,335	8,335	8,500
Total support costs	666,066	666,066	706,808
Total 2019	706,808	706,808	

9 Staff

a) Staff costs

Staff costs during the period were:

	2019/20	2018/19
	£	£
Wages and salaries	1,286,120	1,326,348
Social security costs	106,519	105,944
Pension costs	387,444	344,578
	1,780,083	1,776,870

b) Staff numbers

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

	2019/20	2018/19
	No.	No.
Teachers	23	22
Administration and support	42	47
Management	6	4
	71	73

c) Higher paid staff

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

	2019/20	2018/19
	No.	No.
£80,001 - £90,000	-	1
£90,001 - £100,000	1	-

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 £312,684 (2019: £228,894).

10 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:

		2019/20	2018/19
		£000	£000
K Barnett	Remuneration	90-95	85-90
(Staff trustee)	Employer's pension contributions paid	20-25	10-15
K Grove	Remuneration	25-30	25-30
(Staff trustee)	Employer's pension contributions paid	0-5	0-5
R Hatton	Remuneration	5-10	20-25
(Staff trustee to 21 November 2019)	Employer's pension contributions paid	0-5	0-5
N McCartney	Remuneration	10-15	35-40
(Staff trustee from 4 Oct 2018 to 1 Dec 2019)	Employer's pension contributions paid	0-5	5-10
N Myszkowski	Remuneration	35-40	-
(Staff trustee from 21 November 2019)	Employer's pension contributions paid	5-10	-
K Staszczyk	Remuneration	5-10	10-15
(Staff trustee)	Employer's pension contributions paid	0-5	0-5

During the period ended 31 August 2020, travel and subsistence expenses totalling £191 were reimbursed or paid directly to two trustees (2019: £514 to four trustees).

11 Trustees and officers insurance

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

12 Tangible fixed assets

	Freehold Land and Buildings	Furniture and Equipment	Plant and Machinery	Computer Equipment	Motor Vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 September 2019	3,417,476	245,768	36,372	147,838	27,335	3,874,789
Acquisitions	1,000	989	-	31,682	-	33,671
Disposals	-	-	-	(45,920)	(13,585)	(59,505)
At 31 August 2020	3,418,476	246,757	36,372	133,600	13,750	3,848,955
Depreciation						
At 1 September 2019	470,299	64,384	20,935	125,770	27,335	708,723
Charged in year	71,791	24,040	2,874	18,056	-	116,761
Disposals	-	-	-	(45,920)	(13,585)	(59,505)
At 31 August 2020	542,090	88,424	23,809	97,906	13,750	765,979
Net book values						
At 31 August 2019	2,947,177	181,384	15,437	22,068	-	3,166,066
At 31 August 2020	2,876,386	158,333	12,563	35,694	-	3,082,976

13 Debtors

	2019/20	2018/19
	£	£
VAT recoverable	7,221	9,077
Prepayments and accrued income	76,750	80,924
	83,971	90,001

14 Creditors: amounts falling due within one year

	2019/20	2018/19
	£	£
Trade creditors	47,724	25,432
Other taxation and social security	21,542	24,568
Other creditors falling due within one year	30,865	26,282
Accruals and deferred income	50,684	52,227
	150,815	128,509

	2019/20	2018/19
	£	£
Deferred income at 1 September 2019	37,396	43,095
Released from previous years	(37,396)	(43,095)
Resources deferred in the year	40,259	37,396
Deferred income at 31 August 2020	40,259	37,396

At the balance sheet date the academy trust was holding funds received in advance for catering income and rates relief for the forthcoming year.

Freemantle Church of England Community Academy

Notes to the Financial Statements for the Year Ended 31 August 2020

15 Funds

	Balance at 1 September 2019	Income	Expenditure	Transfers	Gains and losses	Balance at 31 August 2020
	£	£	£	£	£	£
Restricted general funds						
General Annual Grant (GAG)	301,445	1,421,419	(1,376,959)	(20,445)	-	325,460
Pupil Premium	-	104,597	(104,597)	-	-	-
Other DfE/ESFA grants	-	155,987	(155,987)	-	-	-
Other government grants	-	211,409	(211,409)	-	-	-
Other educational activities	-	49,909	(49,909)	-	-	-
	301,445	1,943,321	(1,898,861)	(20,445)	-	325,460
Pension reserve	(1,052,000)	-	(120,000)	-	(457,000)	(1,629,000)
	(750,555)	1,943,321	(2,018,861)	(20,445)	(457,000)	(1,303,540)
Restricted fixed asset funds						
Fixed asset fund	3,166,066	-	(111,911)	28,821	-	3,082,976
ESFA capital grants (DFC)	-	8,376	-	(8,376)	-	-
	3,166,066	8,376	(111,911)	20,445	-	3,082,976
Total restricted funds	2,415,511	1,951,697	(2,130,772)	-	(457,000)	1,779,436
Total unrestricted funds	198,955	17,568	-	-	-	216,523
Total funds	2,614,466	1,969,265	(2,130,772)	-	(457,000)	1,995,959

15 Funds (continued)

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

General annual grant
This includes all funding received from the ESFA to carry out the objectives of the academy. It includes the school budget share; minimum funding guarantee; education services grant; insurance; rates; and pre-16 high needs funding streams.

Other DfE/ESFA grants
This is funding received from the ESFA for specific purposes, for example pupil premium funding.

Local authority grants
This is funding received from the local authority for specific purposes, for example Special Educational Needs funding.

Other educational activities
This includes all other educational income/expenditure.

Pension reserve
This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the academy trust on conversion.

Fixed asset fund
The fund includes the value of the tangible fixed assets of the academy on conversion, and amounts transferred from GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

DfE/ESFA capital grants
This is funding received from the DfE/ESFA specifically for expenditure on tangible fixed assets.

Transfers between funds
Transfers to the restricted fixed asset fund represent the cost of fixed asset additions which have been funded from restricted or unrestricted general funds.

15 Funds (continued)

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2019 £
Restricted general funds						
General Annual Grant (GAG)	318,606	1,480,504	(1,455,312)	(42,353)	-	301,445
Pupil Premium	-	99,610	(99,610)	-	-	-
Other DfE/ESFA grants	-	85,349	(85,349)	-	-	-
Other government grants	-	229,185	(229,185)	-	-	-
Other educational activities	-	78,366	(78,366)	-	-	-
	318,606	1,973,014	(1,947,822)	(42,353)	-	301,445
Pension reserve	(565,000)	-	(126,000)	-	(361,000)	(1,052,000)
	(246,394)	1,973,014	(2,073,822)	(42,353)	(361,000)	(750,555)
Restricted fixed asset funds						
Fixed asset fund	3,211,477	-	(112,231)	66,820	-	3,166,066
ESFA capital grants (DFC)	-	24,467	-	(24,467)	-	-
	3,211,477	24,467	(112,231)	42,353	-	3,166,066
Total restricted funds	2,965,083	1,997,481	(2,186,053)	-	(361,000)	2,415,511
Total unrestricted funds	168,823	30,132	-	-	-	198,955
Total funds	3,133,906	2,027,613	(2,186,053)	-	(361,000)	2,614,466

16 Analysis of net assets between funds

	Un-restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	3,082,976	3,082,976
Current assets	216,523	476,275	-	-	692,798
Current liabilities	-	(150,815)	-	-	(150,815)
Pension scheme liability	-	-	(1,629,000)	-	(1,629,000)
Total net assets	216,523	325,460	(1,629,000)	3,082,976	1,995,959

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

	Un-restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	3,166,066	3,166,066
Current assets	198,955	429,954	-	-	628,909
Current liabilities	-	(128,509)	-	-	(128,509)
Pension scheme liability	-	-	(1,052,000)	-	(1,052,000)
Total net assets	198,955	301,445	(1,052,000)	3,166,066	2,614,466

17 Commitments under operating leases

At 31 August 2020 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019/20	2018/19
	£	£
Amounts due within one year	9,785	7,746
Amounts due between one and five years	22,498	2,600
	32,283	10,346

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

	2019/20	2018/19
	£	£
Net expenditure for the reporting period	(161,507)	(158,440)
Adjusted for:		
Depreciation	116,761	112,555
(Gain)/loss on disposal of fixed assets	(4,850)	(324)
Defined benefit pension scheme cost less contributions payable	101,000	111,000
Defined benefit pension scheme finance cost	19,000	15,000
Decrease in debtors	6,030	12,359
Increase / (decrease) in creditors	22,306	(15,586)
Net cash provided by Operating Activities	98,740	76,564

19 Cash flows from investing activities

	2019/20	2018/19
	£	£
Proceeds from sale of tangible fixed assets	4,850	418
Purchase of tangible fixed assets	(33,671)	(67,238)
Net cash used in investing activities	(28,821)	(66,820)

20 Analysis of cash and cash equivalents

	2019/20	2018/19
	£	£
Cash at bank and in hand	30,785	32,948
Notice deposits (less than 3 months)	578,042	505,960
Total cash and cash equivalents	608,827	538,908

21 Analysis of changes in net debt

	At 1 September 2019	Cash flows	Acquisition/ disposal of subsidiaries	New finance leases	Other non-cash changes	At 31 August 2020
	£	£	£	£	£	£
Cash	32,948	(2,163)	-	-	-	30,785
Cash equivalents	505,960	72,082	-	-	-	578,042
	538,908	69,919	-	-	-	608,827
Total	538,908	69,919	-	-	-	608,827

22 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.

23 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 Hampshire County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £29,887 were payable to the schemes at 31 August 2020 (2019: £25,047) and are included within creditors.

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

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

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

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

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

The employer's pension costs paid to TPS in the period amounted to £189,484 (2019: £128,567).

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.

23 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 2020 was as follows:

	2020	2019
	£	£
Employer's contributions	94,000	107,000
Employees' contributions	28,000	32,000
	122,000	139,000

The agreed contribution rates for future years are 18.9% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions

	2020	2019
Rate of increase in salaries	3.2%	3.5%
Rate of increase for pensions in payment/inflation	2.2%	2.0%
Discount rate for scheme liabilities	1.7%	1.9%
Inflation assumption (CPI)	2.2%	2.0%

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

	2020	2019
Retiring today		
Males	23.0	23.1
Females	25.5	25.8
Retiring in 20 years		
Males	24.7	24.7
Females	27.2	27.6

23 Pension and similar obligations (continued)

Sensitivity analysis

	Increase/(reduction) in defined benefit obligation	
	2020	2019
	£	£
Discount rate +0.1%	(98,000)	(67,000)
Discount rate -0.1%	98,000	69,000
Mortality assumption – 1 year increase	115,000	79,000
Mortality assumption – 1 year decrease	(115,000)	(78,000)

The academy trust's share of the assets in the scheme were:

	2020	2019
	£	£
Equities	936,000	793,000
Property	99,000	95,000
Government bonds	320,000	272,000
Cash	26,000	25,000
Other	269,000	133,000
Total market value of assets	1,650,000	1,318,000

The actual return on scheme assets was £231,000 (2019: £70,000).

Amount recognised in the Statement of Financial Activities

	2019/20	2018/19
	£	£
Current service cost	195,000	145,000
Past service cost	-	73,000
Interest income	(26,000)	(33,000)
Interest cost	45,000	48,000
Total amount recognised in the SOFA	214,000	233,000

23 Pension and similar obligations (continued)

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

	2019/20	2018/19
	£	£
At 1 September	2,370,000	1,692,000
Current service cost	195,000	145,000
Interest cost	45,000	48,000
Employee contributions	28,000	32,000
Actuarial loss	662,000	398,000
Benefits paid	(21,000)	(18,000)
Past service cost	-	73,000
At 31 August	3,279,000	2,370,000

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

	2019/20	2018/19
	£	£
At 1 September	1,318,000	1,127,000
Interest income	26,000	33,000
Actuarial gain	205,000	37,000
Employer contributions	94,000	107,000
Employee contributions	28,000	32,000
Benefits paid	(21,000)	(18,000)
At 31 August	1,650,000	1,318,000

24 Related party transactions

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

Expenditure Related Party Transactions:

A close family member of K Barnett (Trustee and Accounting Officer)

- The academy trust paid remuneration totalling £19,110 (2019: £18,771) and employer's pension contributions totalling £2,711 (2019: £2,429) during the period.

A close family member of J Powell (Trustee)

- The academy trust paid remuneration totalling £14,889 (2019: £12,394) and employer's pension contributions totalling £2,572 (2019: £1,937) during the period.

K Barnett (Trustee and Accounting Officer)

- The academy trust purchased equipment totalling £nil (2019: £500) which was provided to K Barnett with no reimbursement to the academy trust. This was to replace equipment owned by K Barnett which was damaged whilst being used for school activities.

Nexus The Educators Connection Limited (G Strange (member) is a director)

- The academy trust purchased services from Nexus The Educators Connection Limited totalling £4,400 (2019: £nil) during the period. There were no amounts outstanding at 31 August 2020 (2019: £nil).
- The academy trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which G Strange neither participated in, nor influenced.
- In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.
- The element above £2,500 has been provided 'at no more than cost' and Nexus The Educators Connection Limited has provided a statement of assurance confirming this.